



HUMAN RESOURCE MANAGEMENT MANUAL

This manual has been designed to provide agencies the basic tools and resources needed to administer their agency's human resource program under Compensation Reform. The content of this manual should not be construed as policy; rather it should be used in conjunction with the human resource policies developed by the Department of Human Resource Management (DHRM).

Compensation Reform is an evolving system, and, therefore policies, procedures, practices and processes will emerge throughout the Commonwealth and within the various agencies. As agencies develop their Agency Salary Administration Plans, agency-specific components of Compensation Reform will unfold.

This manual represents the program characteristics of Compensation Reform as they have been developed. DHRM is committed to updating this manual as policies, procedures, laws, federal regulations and trends in compensation management change and to provide consultation and technical assistance to agencies in the administration of this and related publications.



HUMAN RESOURCE MANAGEMENT MANUAL

TABLE OF CONTENTS

OVERVIEW

- Chapter 1 Compensation Reform Overview
- Chapter 2 Authority and Responsibilities (under development)
- Chapter 3 Program Evaluation (under development)

SECTION ONE – COMPENSATION MANAGEMENT

- Chapter 4 Compensation Philosophy
- Chapter 5 Job Organization and Salary Structure
- Chapter 6 Job Evaluation
- Chapter 7 Career Group Studies
- Chapter 8 Pay Practices
- Chapter 9 Differential and Supplements (under development)
- Chapter 10 Salary Survey

SECTION TWO – RECRUITMENT & SELECTION

- Chapter 11 Recruitment Guidelines (under development)

SECTION THREE – EMPLOYEE RECOGNITION

- Chapter 12 Employee Recognition (under development)

SECTION FOUR – PERFORMANCE MANAGEMENT

- Chapter 13 Performance Management (under development)

SECTION FIVE – EMPLOYEE DEVELOPMENT

- Chapter 14 Employee Development (under development)

SECTION SIX – LEGAL ISSUES

- Chapter 15 Fair Labor Standards Act (under development)

APPENDICES

Appendix A	Agency Salary Administration Plan and Agency Implementation Readiness Checklist
Appendix B	Report: Reform of the Classified Compensation Plan
Appendix C	Employment Statuses (under development)
Appendix D	Appeals (under development)
Appendix E	Employee Work Profile (under development)
Appendix F	Competency-Based Systems
Appendix G	Skill-Based Systems
Appendix H	Development of Career Group Descriptions and Example of Career Group Description
Appendix I	Exceptional Recruitment and Retention Incentive Options (under development)
Appendix J	Survey Summary Data Sample (under development)
Appendix K	Turnover Rate Computation and Usage (under development)
Appendix L	Sample Salary Survey Format (under development)
Appendix M	Employee Recognition Policy and Rewards and Recognition Chart (under development)



CHAPTER 1

COMPENSATION REFORM OVERVIEW

COMMONWEALTH OF VIRGINIA'S COMPENSATION MANAGEMENT SYSTEM

INTRODUCTION

In 1998, the Commission on Reform of the State Compensation Plan was formed to recommend modification to the Commonwealth's classified compensation plan. The need to reform the State's compensation and classification system was formally recognized by the 1994 Workforce Commission. The 1998 Commission adopted and refined the objectives of the 1994 Workforce Commission and developed a new compensation plan for the Commonwealth. The new system reflects contemporary human resources practices used by many public and private employers and is designed to meet the on-going needs of the agencies in effectively fulfilling their missions and delivering services to the citizens of the Commonwealth.

The Commission's findings and recommendations are presented in the January 14, 2000, report entitled Report: Reform of the Classified Compensation Plan (see Appendix B). The Governor and the 2000 session of the Virginia General Assembly approved the Commission's recommendation to develop a new Compensation Management System for employees covered by the Virginia Personnel Act.

Covered employees include the majority of individuals employed by the Commonwealth's Executive Branch. Employees not covered by the Virginia Personnel Act include Judiciary Branch employees, faculty employed in the Commonwealth's colleges and universities, employees of independent agencies, employees of the Virginia Commonwealth University Health System Authority and the University of Virginia Medical Center. These employees are excluded from the new Compensation Management System. The Virginia Personnel Act does not cover **hourly** employees (formerly referred to as **wage** employees), but their pay generally is determined in accordance with the Compensation Management System for classified employees.

The change from the former system to the new Compensation Management System is a major one. Most components of the former system have been changed. The new system introduces new pay practices as well as the concept of career growth. While the former system emphasized the **classification** or evaluation of positions, the new system emphasizes **compensation** of the employee. In other words, the system has shifted from assigned job duties and responsibilities to recognizing the employee's contribution to the organization (from position-based to person-based). Additionally, the new Compensation Management System shifts the responsibility and accountability for administering compensation policies and practices from the Department of Human Resource Management (DHRM) to agency management.

The following sections identify the major components of the new Compensation Management System and contrast the features with the former classified compensation plan.

PAY PHILOSOPHY

Previously, the Commonwealth's stated philosophy or goal was to pay salaries comparable to employers in the private sector in the Commonwealth. A new pay philosophy has been developed. In the new system, salaries are compared to both private and public sector organizations using local, regional, and national information. **Total compensation**, which includes both salary and benefits, continues to be used when analyzing the labor market information.

In the new system, salary increases are based on performance. Entitlements such as across-the-board increases have been eliminated.

JOB ORGANIZATION STRUCTURE

The former Classification Plan consisted of approximately 1,650 individual job classifications, which were functionally organized into 580 class series within 8 broad occupational groups. Included were a number of agency specific and central agency job classes.

In contrast, the Compensation Management System has consolidated the job organizational structure into approximately 300 broad **Roles**, approximately 60 **Career Groups** and 7 **Occupational Families**. All agency

and central agency specific job classifications have been consolidated into the new job organization structure.

Each new **Occupational Family** includes a number of **Career Groups**. Each **Career Group** identifies progressively higher **Roles** within a recognized occupational field. The concept of **Role** is central to the new job structure. **Roles** describe a broad array of similar positions reflective of different levels of work within an occupational field. The consolidation of the former job classes into the new broader **Roles** helps provide greater consistency in salaries assigned to the same or similar work across the Commonwealth.

CONSOLIDATION OF JOB STRUCTURE

Item	Former	New
#Occupational Groups/ Occupational Families	8	7
# Class Series/ Career Groups	580	approximately 60
# Job Classes/ Roles	1,650	approximately 300
Agency Specific Classes	Numerous	None

SALARY STRUCTURE

The former State Compensation Plan was a **graded salary plan** consisting of 23 pay grades with a 56% range spread between the minimum and maximum of each grade. Within each pay grade were 21 fixed pay steps that increased in a uniform percentage of 2.25%. Each of the 1,650 job classifications was assigned to specific pay grade.

Pay Bands

The new Salary Structure in the Compensation Management System consists of 9 pay bands. The first eight bands have a range spread of approximately 105% between the minimum and maximum salaries. There is a 30.6% difference between the minimum salary in each pay band except between pay band 2 and 3. The pay bands are “stepless”; that is there are no incremental steps within the band. The 9th pay band specifically addresses Mental Health physicians that serve as either Facility Directors or Medical Directors. The maximum salary of the 9th pay band is based on the market for these positions.

The transition from a **graded salary plan** to the **pay band structure** is the result of a comprehensive analysis of the class specifications and a review of best practices adopted by other public and private organizations with similar pay banding structures and alternative pay practices. The review included an in-depth analysis and grouping of the classifications that had similar duties and responsibilities, as well as knowledge, skills, abilities and qualifications.

Based on this review, the most logical grouping across various occupational areas resulted in the consolidation of 3 former pay grades into each pay band with the exception of pay band 2 that only grouped 2 former pay grades (4 and 5). An additional 10% (with the exception of pay band 2 which was increased by 20%) was added to the maximum salary of each pay grade resulting in approximately 105% range spread for each new pay bands. The Salary Structure Conversion Table is shown below.

**SALARY STRUCTURE CONVERSION TABLE
OF PAY GRADE TO PAY BAND
(Salaries as of 11-25-99)**

GRADES	CURRENT		BANDS	NEW	
	RANGE			RANGE	
	MINIMUM	MAXIMUM		MINIMUM	MAXIMUM
1	\$ 12,689	\$ 19,811	1	\$ 12,689	\$ 26,042
2	\$ 13,871	\$ 21,657			
3	\$ 15,164	\$ 23,675			
4	\$ 16,577	\$ 25,881	2	\$ 16,577	\$ 34,021
5	\$ 18,122	\$ 28,292			
6	\$ 19,811	\$ 30,929	3	\$ 19,811	\$ 40,659
7	\$ 21,657	\$ 33,811			
8	\$ 23,675	\$ 36,962			
9	\$ 25,881	\$ 40,406	4	\$ 25,881	\$ 53,116
10	\$ 28,292	\$ 44,171			
11	\$ 30,929	\$ 48,287			
12	\$ 33,811	\$ 52,787	5	\$ 33,811	\$ 69,391
13	\$ 36,962	\$ 57,706			
14	\$ 40,406	\$ 63,083			
15	\$ 44,171	\$ 68,961	6	\$ 44,171	\$ 90,653
16	\$ 48,287	\$ 75,387			
17	\$ 52,787	\$ 82,412			
18	\$ 57,706	\$ 90,092	7	\$ 57,706	\$ 118,432
19	\$ 63,083	\$ 98,487			
20	\$ 68,961	\$ 107,665			
21	\$ 75,387	\$ 117,697	8	\$ 75,387	\$ 154,719
22	\$ 82,412	\$ 128,665			
23	\$ 90,092	\$ 140,654			
OVER 23	NO CURRENT RANGE		9	\$ 98,486	MARKET

Competitive Differentials

A **Competitive Differential** is an extension to the maximum salary in an existing pay band and is used for select jobs based on local market conditions. **Competitive Differentials** allow agencies to pay higher salaries where justified. The Department of Human Resource Management (DHRM) must approve **Competitive Differentials**. **Competitive Differentials** may apply to specific positions, **Roles, Standard Occupational Classifications (SOC Codes)**, locations, and/or pay areas within any agency.

- **Northern Virginia Differentials**

Northern Virginia Differentials vary from 9% to 30% based on market data. They are applied in much the same way as **Competitive Differentials**. However, they are not agency specific. Rather, they are available to all agencies with positions in northern Virginia. For this reason, separate pay band ranges are maintained on PMIS for the northern Virginia (FP) pay area.

Sub-Bands

A **Sub-Band** is an identified segment of an existing pay band with a specified minimum and maximum salary within that pay band. In some situations agencies may establish **Sub-Bands** to manage employees' salaries within their pay bands. **Sub-Bands** are not intended for application to most employees. Law enforcement ranks are an example of where using **Sub-Bands** may be appropriate.

JOB EVALUATION METHODOLOGY

The Compensation Management System will retain the position classification method, or whole job approach, of job evaluation to allocate positions into **Roles**. Previously, job evaluation was based on seven compensable factors which were complexity of work, supervision exercised, supervision received, scope, impact of action, personal contact; and knowledge, skills and abilities. The new Compensation Management System uses three compensable factors, **complexity of work, results** and **accountability**, for job evaluation purposes.

The position classification method will determine the internal value of a job (or **Role**) by comparing the job to the newly developed **Career Group Descriptions** and to other jobs or **Roles** within the organization. By assigning jobs to a broader **Role**, job evaluation should be more understandable to employees and managers and less cumbersome to administer. Additionally, external salary data will be available to help insure the jobs are properly aligned with the market.

The broader **Roles** also allow agencies to develop additional job evaluation dimensions to support their agencies' unique needs. Alternative approaches to determine job worth may include skill- or competency-based systems, rank structures, and occupational requirements such as professional licensing or certification.

PERFORMANCE MANAGEMENT

The performance management program used in the Compensation Management System retains selected features of the original Employee Incentive Pay Program (EIPP) but expands the concept of linking employee performance to pay. The performance management program has been designed to insure that increases approved by the Governor and the General Assembly can be appropriately distributed based on the employee's performance rating. The **pay band structure** allows for performance increases without having to change the band structure.

The expanded features of the performance management system include fewer performance rating levels, an extended probationary period for new employees, employee self-assessment and employee feedback on supervisor's performance. The performance program is flexible and allows agencies to design optional features to effectively meet their agencies' needs. Options may include group or team performance evaluations, the use of numeric weighting systems, and the use of performance measures based on organizational objectives.

COMPARISION OF CHANGES TO THE PERFORMANCE MANAGEMENT PROGRAM

Item	Former	New
Rating levels	5 levels: <ul style="list-style-type: none"> • Exceptional • Exceeds Expectations • Meets Expectations • Fair But Needs Improvement • Does Not Meet Expectations 	3 levels: <ul style="list-style-type: none"> • Extraordinary Contributor • Contributor • Below Contributor
Appraisal of employee	Supervisor only	Supervisor & Employee Self-Assessment
Employee feedback on supervisor's performance	None	Upward feedback for developmental purposes provided to rater
Appraisal instrument	Qualitative	Qualitative or Quantitative
Appraisal of team/group	None	<ul style="list-style-type: none"> • Team/Group • Organization objectives
Probationary Period	6 months	<ul style="list-style-type: none"> • 12 months (standard) • Management option to extend up to 18 months for performance reasons

PAY PRACTICES

The objective of the Compensation Management System is to implement contemporary compensation practices that reflect best practices used in both the public and private sectors. These pay practices will provide managers a mechanism to financially reward employees for their organizational contributions without having to solely rely on the traditional practices of promotion and position reallocation.

The pay practices available to the agencies consist of a combination of current practices that have been revised and a new practice. Revised pay practices include starting pay, promotion, reallocation (role change), lateral transfer and demotion. The new pay practice is in-band adjustments. The in-band adjustment allows agencies the flexibility to provide pay increases to address such issues as internal alignment, retention, change in duties and professional development.

The focus is on variable pay increases rather than the fixed prescribed pay increases of the past. Supplemental pay such as shift differentials, on-call

and call-back will be delegated to each respective agency to manage. **Differentials** will continue to be incorporated into the system.

SURVEY METHODOLOGY

In the past, the Department of Human Resource Management (DHRM) annually surveyed benchmark positions and provided information to the Governor and General Assembly for the purpose of determining annual increases and structure adjustments. In the new Compensation Management System, accurate and reliable salary data will be fundamental to managing the compensation component of the system.

Salary Reference Data on benchmark positions within each **Role** will be provided to the agencies for use in starting pay decisions and other salary determinations. Agencies may continue to provide DHRM with local salary information to support their respective needs. Salary data in combination with other factors such as agency need, budget and internal alignments will provide Human Resource staff and agency managers the appropriate information for managing pay decisions.

CAREER GROWTH

In the past, little emphasis has been placed on career growth and professional development. Career growth opportunities were limited to moving to the next highest job class in a class series or accepting a job in a supervisory capacity.

The new Compensation Management System will promote growth and professional development through the identification of career paths within each **Role** as well as career progression to different **Roles**. In the next phase of development, **Role** descriptions will identify the skills and abilities required to move from one **Role** to another and/or to a different **Career Group**. Expert workers will have the opportunity to advance professionally and financially without having to move to supervisory or management positions. The **banded salary structure** allows for a dual track where supervisory and non-supervisory employees can progress through the same pay band to advance their careers.

With the concept of broad **Roles** and expanded pay bands, employees have opportunities for career growth without having to change positions. This

structure allows employees to become more knowledgeable and proactive in their own self-development and permits agencies to retain key talent.

MANAGEMENT ACCOUNTABILITY

The Compensation Management System is designed to support managers in achieving their agencies' organizational mission and objectives. The pay structure and practices incorporated into the Compensation Management System provide management increased flexibility in salary administration within their agencies.

The accountability for pay decisions shifts to agency's management. Managers will play a more active role in salary decisions. This shift in accountability will result in managers having to justify pay decisions to senior management, explain them to employees and stay within existing budgets. The success of the pay program will depend initially on the training provided to managers and employees; ultimately it will be measured by the decisions made by managers.



CHAPTER 2

AUTHORITY AND RESPONSIBILITIES

INTRODUCTION

The Compensation Management System is designed to permit managers a more active role in administering employee compensation to support their agencies' mission and objectives. There is a deliberate shift in accountability from the Department of Human Resource Management (DHRM) to agencies' management. This shift in accountability will require agencies to account for and justify the fiscal impact of payroll expenditure to senior managers, explain pay decisions to employees and stay within existing budgets. Decisions made because of Compensation Reform will have both long term and recurring financial impact on agencies. Additionally, since agencies will have available a number of different pay practice options, they will be required to monitor and validate salary transactions to ensure compliance with the Commonwealth's pay practices.

The Compensation Management System relies on a sound infrastructure to ensure effective program compliance and performance. This infrastructure includes policies, pay practices, training and communications, business transactions, information technology support systems, trends analysis, and program evaluation at the state and agency levels. A process of defining roles and authority, and conducting program evaluation provides the critical components needed to support continued improvement of the Compensation Management System.

Managing employee pay and the systems that support it is critical to the success and effectiveness of the Compensation Management System. The administration of compensation transforms the roles of DHRM, state agencies, and agency managers, to one of partnership requiring a balanced investment of support from each partner.

The purpose of this Chapter is to provide guidance related to the administrative and operational management of the Commonwealth's

Compensation Management System, and the authority and responsibilities inherent in an expanded partnership.

AUTHORITY AND RESPONSIBILITIES

- **Governor and General Assembly**

The Virginia Personnel Act (Title 2, Chapter 10, Section 2.1-113) designates the Governor as ***Chief Personnel Officer of the Commonwealth***. The Governor is responsible for establishing and administering a compensation plan. Additionally, the Governor and the General Assembly approve funding for annual performance increases that may be granted to eligible classified employees and adjustments to the pay structure.

- **Director of the Department of Human Resource Management**

The Director of the Department of Human Resource Management is responsible for making recommendations regarding the establishment and maintenance of the Commonwealth's Compensation Management System. In accordance with authority delegated by the Code of Virginia, DHRM promulgates policies and procedures that govern the administration of compensation for all classified employees of the Commonwealth. DHRM provides the Governor and the General Assembly with salary survey results projecting market movement in salaries and pay structure.

The Office of Compensation and Policy (OCP) is responsible for the following functions:

- establishing and maintaining the policies and procedures of the Compensation Management System;
- recommending to the Director of DHRM solutions to compensation and policy issues;
- providing consultation and technical assistance to agencies regarding compensation management and general policy matters;
- conducting legislative studies;
- obtaining ***Salary Reference Data*** and providing agency management with access to this information;
- monitoring and evaluating agencies' usage of pay practices and effectiveness of the entire compensation system;

- reviewing and responding to agency appeals;
- establishing and changing the pay band assignments of **Roles (re-banding)**;
- establishing new **Career Groups** and **Roles**;
- establishing or changing pay differentials;
- reviewing **Agency Salary Administration Plans** (see Appendix A, Agency Salary Administration Plan Guidelines and Agency Implementation Readiness Checklist)
- conducting program evaluation reviews;
- approving exceptions to state policy;
- approving innovative compensation programs;
- establishing categories of pay supplements to base pay

- **Agency Heads**

The Virginia Personnel Act specifies that the heads of all state agencies shall be the **appointing authorities** of their respective agencies and shall establish methods of personnel administration within their agencies. Agency heads, or their designees, are responsible for all personnel and compensation actions affecting their agencies and may assign specific compensation responsibilities to employees in leadership roles. All executive branch agencies have the authority to take the following actions that affect the compensation of employees:

- developing, implementing and evaluating the appropriateness and effectiveness of the **Agency Salary Administration Plan** and modifying when necessary;
- determining and documenting salaries in conjunction with the **Agency Salary Administration Plan**;
- hiring (see Appendix C, Employment Statuses);
- approving dual incumbency of positions;
- establishing and abolishing positions;
- assigning duties to employees;
- transferring positions to and from locations;
- administering the Compensation Management System pay practices;
- conducting salary surveys and analyzing data in accordance with DHRM guidelines;
- documenting and requesting differentials, rebanding or **Career Group** revisions;
- approving salary supplements;

- developing innovative compensation practices for DHRM approval;
- documenting and maintaining records of all personnel actions;
- appealing compensation decisions to DHRM (see Appendix D, Appeals);
- awarding or denying compensatory leave;
- establishing alternative approaches to employee performance review (e.g. team performance)
- determining the performance rating for all employees; and
- training agency management and employees on the Compensation Management System and any prospective actions that affect employees' compensation

- **Agency Human Resource Officers**

Agency Heads typically assign the responsibility for implementing the human resource program to their human resource officer, consistent with state and agency policy. Agencies have the authority to effect most compensation decisions within the guidelines of state personnel policies, rules, and procedures. The agency human resource officer is responsible for planning, developing, implementing, and evaluating human resource programs that support the agency's mission and objectives, and for providing programs that train agency managers at all levels to assume their roles in compensation management. Human resource professionals are responsible for making consistent and sound recommendations to their agency heads and agency management. Additionally, agency human resource officers have the authority to initiate compensation studies and implement related decisions based on the unique business needs of the agency.

- **Agency Management**

Managing and administering employee compensation at the agency level, as prescribed by the Agency Head, is a critical component of the Commonwealth's Compensation Management System. Agency managers and supervisors, at all levels, must have a working knowledge and understanding of the principles and procedures of the Commonwealth's Compensation Management System to effectively manage their employees and their compensation.

- **Employees**

Employees should initially discuss any concerns they may have about compensation, including the assignment of their position to a **Role**, with their supervisor and reviewer. If additional information is needed, employees may go to their agency human resources officer or higher-level agency officials. As a classified employee of the Commonwealth, each employee has the responsibility to become knowledgeable of the Commonwealth's Compensation Management System and the pay practices.

Employees may contribute to the compensation process by identifying their respective job tasks or assisting in this process. Employees may also participate on task forces, study teams, and oversight committees to develop new **Roles**, competency models, skill inventories, and other tools to assist in compensation decisions. Additionally, employees evaluate their own performance through self-assessments and have greater opportunities to participate in salary negotiations.



CHAPTER 4

COMPENSATION PHILOSOPHY

The Commonwealth's compensation philosophy is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality services in a fiscally responsible manner to the citizens of Virginia.

The compensation philosophy was developed based on the following underlying principles:

- To provide more flexible base pay systems that tie employee performance to agency or unit performance.
- To link accomplishments of agency or unit missions, objectives and operating efficiencies to the funds available for employee salary increases.
- To focus on the value of total compensation, which includes salary and non-salary benefits such as healthcare, retirement, life insurance; disability insurance, annual and sick leave.
- To establish base pay that is competitive with the labor market (public and private).
- To encourage employees to make a performance difference either individually or through teams where results/outcomes are more important than entitlements (i.e., seniority, hierarchy or expectation of additional pay for changing responsibilities).
- To provide salary increases that focus on employees gaining demonstrable skills and competencies that are critical to the accomplishment of agency or unit missions.

Based on this philosophy, the Compensation Management System must recognize, accommodate and support agency differences in organizational structures and missions; assure that comparable jobs are valued with similar methodology and assigned to the same Role; promote employee focus on agency

missions and outcomes; be market responsive and affordable; be administratively efficient and responsive; and be easily understood and communicated. The following goals have been identified in order to support and operationalize the Commonwealth's compensation philosophy.

- To attract qualified employees.
- To retain qualified employees.
- To motivate employees by rewarding sustained performance.
- To support management in the realization of organization objectives.



CHAPTER 5

JOB ORGANIZATION AND SALARY STRUCTURE

INTRODUCTION

The Compensation Management System increases organizational flexibility, emphasizes career development, fosters a flatter organizational structure and supports changes in job and work design. Conversely, the former salary structure was hierarchical, placed emphasis on job duties and responsibility differences and offered limited recognition of professional development and career growth opportunities for employees.

The Compensation Management System includes a consolidated job organization structure and a banded salary structure. The job organization and **pay band salary structure** incorporates the wide variety of work performed by the Commonwealth's classified employees.

The method in which jobs are organized changes from a classification system consisting of 1,650 job classes to a consolidated one of approximately 300 broad job **Roles**. The job organization structure consists of 7 **Occupational Families**, approximately 60 **Career Groups** and approximately 300 **Roles**. Each **Role** describes the broad array of similar positions that are reflective of different levels of work within a **Career Group** or occupational field and are assigned to one of the pay bands. The approximate 300 **Roles** cover the array of jobs of the Commonwealth's classified workforce. All agency unique and central agency specific job classifications have been consolidated into this job organization structure.

The **pay band salary structure** consists of 9 broad pay bands that replace the former **graded pay plan** of 23 salary grades. The transition from a **graded pay plan** to the **pay band salary structure** was a result of a comprehensive analysis of the class specifications and a review of "best practices" adopted by public and private organizations with similar pay banding structures and alternative pay practices. The review included an in-depth analysis and grouping of the classifications that had similar duties and responsibilities and comparable knowledge, skills, abilities and qualifications.

Different combinations of the former salary grades were studied to determine the most logical grouping to achieve the objective of broader salary ranges. Several different models featuring 5 to 10 pay bands were reviewed. Dividing the former plan's 23 salary grades by 3 thus creating 8 pay bands appeared to be the most logical model. The final determination of the number of pay bands was based on the analysis and grouping of similar job classifications. The 9th pay band (beyond grade 23) was added to specifically address Mental Health physicians that serve as either Facility Directors or Medical Directors at facilities.

JOB ORGANIZATION STRUCTURE

The job organization structure is arranged into ***Occupational Families***, ***Career Groups*** and ***Roles***. ***Career Groups*** and ***Roles*** are described in ***Career Group Descriptions***.

Occupational Family

An ***Occupational Family*** is a broad grouping that includes jobs that share similar vocational characteristics. The primary criterion for designation to a particular ***Occupational Family*** relates to the nature and type of work performed. The 7 ***Occupational Families*** include:

- Administrative Services
- Engineering and Technology
- Natural Resources and Applied Sciences
- Health and Human Services
- Educational and Media Services
- Trades and Operations
- Public Safety

Career Group

A ***Career Group*** is a major subgroup of the ***Occupational Family*** that identifies a specific occupational field common to the labor market (e.g. Procurement, Forensic Science, Equipment Repair, Financial Services, Information Technology, Dentistry, Architecture and Capital Outlay, etc.).

Role

A **Role** describes an array of similar positions that are a reflection of different levels of work or career progression within a **Career Group**. **Roles** are intended to be very broad with a single **Role** encompassing several former job classifications. For example, the Accountant (grade 9), Budget Analyst (grade 10), Auditor-Internal (grade 11) and Auditor-External (grade 11) in the former classification system are consolidated into one **Role**. Each **Role** is assigned to a specific pay band within the salary structure.

The number of **Roles** in a **Career Group** varies from one **Career Group** to another. Additionally, some **Career Groups** have dual tracks for career advancement. For example, a **Career Group** may have a non-management track with entry, senior, and expert **Roles** and a management track with manager and director **Roles**. The manager's **Role** may be parallel to and within the same pay band as the staff expert **Role**.

Career Group Description

A **Career Group Description** specifies the nature and type of work associated with a particular occupational field and identifies the progression of **Roles** within a **Career Group**. The Department of Human Resource Management maintains the master file of **Career Group Descriptions** (see Chapter 7 – Career Group Studies).

Position

A **Position** defines the specific core responsibilities, duties and any special assignments assigned to an employee. Through an analysis of the core responsibilities and special assignments (job evaluation process), a **Position** is assigned to a **Role**. Each position is assigned the following titles:

- **Role Title**

The **Role Title** is the formal State title that the employee's position has been assigned. The **Role Title** should be used for State reporting purposes.

- **Salary Reference Title**

The **Salary Reference Title** is a descriptive title commonly understood and widely recognized in the labor market. The **Salary Reference Title** will be used for market surveying purposes and may be linked to the federal **Standard Occupational Classification System (SOC)**. (For transitional purposes, the class title in the former system will be retained until the SOC system is adopted.)

- **Work Title**

A **Work Title** is an agency-specific, or functional title, that is descriptive of the overall purpose of a position. Agencies may use **Work Titles** in conjunction with the employee’s formal **Role Title** to help facilitate the recruitment process. **Work Titles** and **Salary Reference Titles** may be the same.

Employee Work Profiles

The **Employee Work Profile** is the official state form that lists the core responsibilities, duties and any special assignments assigned to a specific **Position** and incorporates the employee performance plan. Agencies may continue to use the Position Description and Performance Evaluation forms or develop their own forms as long as they include all the data elements and information contained in the **Employee Work Profile**. The **Employee Work Profile** is the principle source document for evaluating and allocating the position to the appropriate **Role** (see Appendix E, Employee Work Profile).

JOB ORGANIZATION STRUCTURE TERMINOLOGY

Former	New
Occupational Group	Occupational Family
Class Series	Career Group
Job Class	Role
Position	Position
Class Title	Role Title
Benchmark	Salary Reference Title
Working Title	Work Title
Class Specification	Career Group Description
Position Description	Employee Work Profile

SALARY STRUCTURE

Pay Bands

Effective September 25, 2000, the Commonwealth implemented a salary structure consisting of 9 pay bands with open ranges (no steps). The first eight bands have an expanded range spread of approximately 105% between the minimum and maximum salaries. These pay bands have established minimum and maximum salaries. The ninth pay band that is exclusively established for Mental Health physicians that serve as either Facility Directors or Medical Directors does not include a specified maximum salary but is set to market.

STATE SALARY STRUCTURE **(Salaries based on 11-25-99 structure)**

Pay Band	Minimum Salary	Maximum Salary
Pay Band 1	\$12,689	\$ 26,042
Pay Band 2	\$16,577	\$ 34,021
Pay Band 3	\$19,811	\$40,659
Pay Band 4	\$25,881	\$53,116
Pay Band 5	\$33,811	\$ 69,391
Pay Band 6	\$44,171	\$ 90,653
Pay Band 7	\$57,706	\$118,432
Pay Band 8	\$75,387	\$154,719
Pay Band 9 (only Mental Health Physicians functioning as Medical Facility Directors or Medical Directors)	\$98,486	MARKET

The Department of Human Resource Management (DHRM) provides a guide that includes all formulas and rounding guidelines for calculating an employee's compensation which is outlined below and also available on DHRM's website.

Hourly and daily rates are used in preparing payroll and related documents. For leave balance payments, base hourly rates, and overtime rates:

Monthly Rate	=	Annual Rate divided by 12
Pay Period Rate	=	Monthly Rate divided by 2
Weekly Rate	=	Annual Rate divided by 52
Hourly Rate	=	Weekly Rate divided by 40
Daily Rate	=	Hourly Rate multiplied by 8

When an employee begins or ends service other than on the first day of a pay period or is on leave without pay for part of a pay period, he/she receives for days worked a daily amount that is proportionate to the number of days he/she was scheduled to work during the pay period. In such instances:

Daily Rate = Pay Period (or Semi-monthly) Rate divided by the number of workdays scheduled in the pay period.
Partial Days Rate = Daily Rate is divided by 8 and the result multiplied by the number of hours worked.

All amounts are rounded to the nearest penny.

Competitive Differentials

A **Competitive Differential** is an extension to the maximum salary in an existing pay band and is used for select jobs based on local market conditions. **Competitive Differentials** are approved by the Department of Human Resource Management (DHRM) and entered into PMIS. **Competitive Differentials** may apply to specific positions, **Roles**, **Standard Occupational Classifications (SOC Codes)**, locations, and/or pay areas within any agency.

Competitive Differentials allow agencies to pay higher salaries where justified by local market conditions. They are typically applied as a percentage increase to the pay band minimum and maximum. For example, if a 10% differential were applied to selected positions in Band 4, the **Competitive Differential** for those positions would be from $(\$25,881 * 1.1 =) \$28,469$ to $(\$53,116 * 1.1 =) \$58,428$. Employees receive the differential in their base pay as long as they meet eligibility criteria to receive it.

- **Northern Virginia Differentials**

Northern Virginia Differentials vary from 9% to 30% based on market data. They are applied in much the same way as **Competitive Differentials**. However, they are not agency specific. Rather, they are available to all agencies with positions in northern Virginia. For this reason, separate pay band ranges are maintained on PMIS for the northern Virginia (FP) pay area.

Sub-Bands

A ***Sub-Band*** is an identified segment of an existing pay band with a specified minimum and maximum salary within that pay band. In some situations agencies may want to establish ***Sub-Bands*** to manage employees' salaries within their pay bands. ***Sub-Bands*** are not intended for application to most employees. Law enforcement ranks are an example of where using ***Sub-Bands*** may be appropriate. ***Sub-Bands*** are entered into PMIS as a ***Competitive Differential*** by the agency using them. They may be of any width so long as they fall within the limits of the assigned pay band.

STATE PAY PLAN

The State Pay Plan is an annual DHRM publication that includes the following items:

- a current State Salary Structure;
- a schematic list of ***Career Groups*** and ***Roles*** by ***Occupational Family***, and
- an alphabetical list of ***Career Groups*** and ***Roles***

Schematic List

The schematic list displays the ***Occupational Families***, ***Career Groups*** and ***Roles*** numerically by a five-digit identification code. The first two digits identify the ***Occupational Family***; the first four digits identify the ***Career Group***; and the entire five-digit number identifies the specific ***Role***.

Alphabetical List

The alphabetical list displays all ***Career Groups*** and their respective ***Roles*** and includes the pay bands, NOVA differentials, EEO Categories and overtime status. This document is an easy reference tool when researching ***Role*** information.



CHAPTER 6

JOB EVALUATION

INTRODUCTION

The Commonwealth has changed from a traditional hierarchical classification system with a graded salary plan to a compensation-based system with broad **Roles** and expanded pay bands. In contrast to the former system where positions were assigned to narrowly defined classes, the Compensation Management System assigns positions to broad **Roles** within a defined **Career Group**. To illustrate the difference, a **Role** may encompass several former job classes that were assigned to a number of different pay grades in the classification system. Because **Roles** encompass a wider scope and levels of duties and responsibilities, the process of evaluating jobs should be clearer and less complex.

Broader **Roles** also significantly reduce reliance on the reallocation process. The former reallocation process will not be the major means of providing salary increases to employees. In the Compensation Management System, an employee may progress through the broadly defined **Role** based on assigned duties and responsibilities, the acquisition of new skills and abilities and performance. New pay practices will allow employees to be financially recognized for assuming additional duties and responsibilities and applying new skills and abilities.

Job Evaluation is the process by which jobs within an organization are compared with one another to determine their relative value. There are several methods of job evaluation. The most prevalent methods include whole job ranking, position classification, market pricing, factor comparison and point factor analysis. All of these evaluation methodologies are based on one or a combination of the following two approaches: (1) an analysis of the job as a whole or (2) an analysis of the job's individual components.

Most evaluation methods compare jobs in the organization to one another and a few compare jobs against a set scale. After a review of the various job evaluation methodologies, the Compensation Management System will retain a modified version of the **position classification method** or **whole**

job evaluation approach. This non-quantitative whole job approach determines the relative value of positions by comparing them with **Career Group Descriptions** as well as with other positions.

COMPENSABLE FACTORS

Human resource professionals or line managers should be able to assign positions to the appropriate **Career Groups** by comparing the overall duties and responsibilities listed in the **Employee Work Profile** to the **Concept of Work** outlined in the **Career Group Description**. The compensable factors will be used primarily to determine the appropriate **Role** to which a position should be allocated within a **Career Group**. Definitions of the three compensable factors are as follows:

1. Complexity of Work

This factor describes the nature of work in terms of resources (e.g., machines, manuals, guidelines and forms) used or encountered and the processes applied. This factor takes into account the number and variety of variables considered, the depth and breath of activity and the originality exercised.

- **Difficulty** - the relative character of the work process and the corresponding, thinking, analysis and judgment required of the employee while doing the work.
- **Scope and Range of Assignments** – the breadth and variety of the employee's assignments.
- **Knowledge, Skills and Abilities** – the level of information, experience and qualifications needed by the employee in order to perform the assigned duties.
- **Nature of Contacts** – the extent of the employee's human interactions within and/or outside the organization in terms of both frequency and the depth of information exchanged.

2. Results

This factor describes the work outcomes and the range and impact of effects, such as the benefit or harm to citizens, the gain or loss of resources and the goodwill created.

- **Impact** – the range of people, things, and organizations directly affected by the employee.
- **Effect of Services** – the extent to which decisions and work products made by the employee affect the level of service, quality of work, welfare of constituents, the organization’s image and cost of operations.
- **Consequence of Error** – the potential costs of the employee’s mistakes in terms of financial and human costs, efficiency, morale, physical maintenance and image.

3. Accountability

This factor describes the employee’s responsibility or authority exercised in terms of guidance given to fellow workers, independence and autonomy of functioning and finality of decisions made.

- **Leadership** – the level of control the employee has over resources such as people, functions, facilities and budget.
- **Judgment and Decision-making** – the types and kinds of decisions made by the employee and the finality of these decisions and actions taken.
- **Independence of Action** – latitude or freedom of action exercised by the employee.

JOB EVALUATION

Job evaluation is the process of determining the appropriate **Career Group** and **Role** to which a position is assigned. The job evaluation process has four steps:

1. **Selecting the Occupational Family:** The first step is to determine the appropriate **Occupational Family** by reviewing the vocational characteristics (the nature and type of work performed) outlined in the **Employee Work Profile**.
2. **Comparing and Selecting the Career Group:** The second step is to compare the **Concept of Work** capsule that describes the array of work performed in the various **Career Group Descriptions** to the **Employee Work Profile** in order to determine the appropriate **Career Group**.

3. **Comparing and Selecting a Role within a Career Group:** The third step is to evaluate and compare the ***Work Description*** (position objective; purpose of position; knowledge, skills, abilities and competencies; education, experience, certification and licensure; core responsibilities and special assignments) outlined in the ***Employee Work Profile*** to the various ***Role Descriptions*** and the ***factor matrices*** to determine the appropriate ***Role***.
4. **Comparing to other positions within a Role to ensure consistency:** The final step is to confirm the assignment of the position to the ***Role*** by checking to make sure that it is consistent with other positions assigned to the same ***Role***.

ALTERNATIVE JOB EVALUATION MODELS

The Compensation Management System allows agencies to develop a variety of other job and employee-based evaluation alternatives within the context of the broader job structure (***Career Groups*** and ***Roles***) that may more effectively meet their organizational needs and assist in providing criteria for movement within a ***Role*** and pay band. Examples of job evaluation alternatives may include skill or competency based systems or rank structures. All alternative evaluation methods must be reviewed and approved by DHRM prior to implementation (see Appendices F and G, Competency-Based and Skill-Based Systems).



CHAPTER 8

PAY PRACTICES

INTRODUCTION

A major change in the Commonwealth's Compensation Management System is the adoption of pay practices related to base pay that reflect the "best practices" employed by innovative public and private organizations. The intent of these pay practices is to emphasize performance rather than entitlements, such as across-the-board increases. The pay practices have been designed to meet the following objectives:

- To establish modern compensation practices.
- To provide management with the capability to reward and recognize performers.
- To encourage employee growth and career development.
- To reduce reliance on job reallocations.
- To support performance-based salary increases rather than across-the-board increases.
- To require management accountability.

Previously, there were four predominant methods of providing salary increases to the Commonwealth's workforce. These methods included across-the-board increases, performance increases, promotions and position reallocations. In all cases, the amount of the salary increases were prescribed and fixed. With performance and across-the-board increases, the amount was determined and approved by the Governor and the General Assembly. Flat percentage increases based on a prescribed number of pay steps were presented in the promotion and position reallocation policies. Variable increases were not a significant part of the former compensation system because of the constraints inherent in a graded pay plan with fixed pay steps.

The Compensation Management System pay practices are designed to provide agency management with additional alternatives to reward and recognize the Commonwealth's workforce (see also Chapter 12, Employee Recognition). If used effectively, the pay practices support agencies' efforts in achieving their missions and organizational goals. In addition, the

responsibility for effectively administering employee compensation shifts to the management of the individual agencies. This shift in responsibility will require agencies to develop an **Agency Salary Administration Plan** which outlines their implementation strategies for the Compensation Management System (see Appendix A, Agency Salary Administration Plan Guidelines and Agency Implementation Readiness Checklist).

The pay practices outlined in this Chapter provide agency management greater flexibility as well as a higher degree of accountability for justifying their salary decisions. The expectation is that managers will be accountable for their compensation decisions based on their agency and organizational needs, their budgets, compliance with Equal Employment Opportunity regulations and an overall understanding and demonstration of stewardship in the expenditure of public funds.

PAY FACTORS

The pay practices outlined in this section are designed to allow **variable** salary adjustments. In order for the pay practices to be implemented effectively, it is important to emphasize that **the range of percentage increases** is to be used rather than the highest percentage when making salary determinations. There are situations where the negotiated salary is less than the candidate's current or most recent salary. Agencies must proportion and allocate their salary dollars in meaningful ways based on agency missions and business necessity. In determining salaries, agency management must take the following **pay factors** into consideration. These factors will be the basis for determining all pay decisions.

- **AGENCY BUSINESS NEED:** The specific activities and organizational, financial, and human resource requirements that are directly derived from the agency's mission. For example, changes in an employee's duties, abilities, etc. should be relevant to agency business need in order to be compensable.
- **DUTIES AND RESPONSIBILITIES:** The primary and essential work functions performed by an employee or group of employees. Variation in these duties and responsibilities help distinguish one employee from another for comparison purposes.

- **PERFORMANCE:** The candidate's or incumbent's previous and/or current work accomplishments or outcomes and behavioral interactions that are typically assessed in written, verbal or observational forms. NOTE: All management-initiated salary increases are based on employees meeting an acceptable performance level (rated as "contributor" or higher).
- **WORK EXPERIENCE AND EDUCATION:** The candidate or incumbent's relevant employment history and academic qualifications. Work experience is the employment history of an individual, and typically includes the titles of jobs held and a corresponding description of the duties, responsibilities and tasks performed. Education is academic credentials obtained and is usually listed as high school diploma, associate degree, bachelor's degree or specific advanced degree.
- **KNOWLEDGE, SKILLS, ABILITIES AND COMPETENCIES:** Elements commonly listed for job requirements, hiring qualifications or employee credentials. Knowledge refers to acquired principles and practices related to a particular job (e.g. principles of nuclear physics or accounting). Skills refer to acquired psychomotor behaviors (e.g. operations of forklift or personal computer). Abilities are the talents, observable behaviors or acquired dexterity (e.g. capacity to lift 200 pounds). Competencies are the knowledge, skills and underlying behaviors that correlate with successful job performance (see Appendices F and G, Competency Based and Skill Based Systems).
- **TRAINING, CERTIFICATION AND LICENSE:** Job requirements or employee qualifications that are relevant or highly desirable for a particular job. Training refers to a specialized course of instruction outside the realm of recognized academic degree programs (e.g. in-service training, etc.). Certification refers to a specialized course of study resulting in a certificate upon successful completion (e.g. Cardiopulmonary Resuscitation, Certified Professional Accountant, Emergency Medical Technician, etc.). A license is a credential that is required by law to practice one's occupation (e.g. Registered Nurse, Pharmacist, Physician, etc.).
- **INTERNAL SALARY ALIGNMENT:** A fairness criterion that takes into consideration the proximity of one employee's salary to the salaries of others who have comparable levels of training and experience; similar duties and responsibilities; each employee's performance; and similar knowledge, skills, abilities and competencies. Internal salary alignment is determined by

the examination of an employee's salary in relation to comparable co-workers.

- **MARKET AVAILABILITY:** The relative availability of suitable, qualified employees in the general labor market, which is subject to the effects of supply and demand. Consideration should be given to the agency's tolerance for variation in the applicant pool and its willingness to accept applicants with fewer qualifications in times of high market demand.
- **SALARY REFERENCE DATA:** A composite of relevant salary information (e.g. average salary range, median salary, weighted average salary, etc.) extracted from available surveys that indicate market pricing for various jobs in the Commonwealth.
- **TOTAL COMPENSATION:** This includes all forms of cash compensation (e.g. base pay, shift differentials, overtime, on-call pay, bonuses, commissions, etc.) and the dollar value of the employer-sponsored benefit package (e.g. health and dental insurance, long and short term disability, paid leave, retirement, life insurance). NOTE: The greatest impact of total compensation will be on starting pay and competitive offers.
- **BUDGET IMPLICATIONS:** The short and long term financial consequences of pay decisions and how salary dollars are managed by an agency.
- **LONG TERM IMPACT:** The strategic and financial effect of anticipated future salary costs, staffing changes, salary alignment among employees, career growth and salary reference data changes.
- **CURRENT SALARY:** The candidate's or incumbent's present base pay compensation, which may be reported as an hourly wage, weekly, semi-monthly, monthly or annual salary. Does not include shift differentials, benefits, overtime, incentive premiums, bonuses, commissions or other similar non-base-pay compensation.

TYPES OF PAY PRACTICES

The pay practices (with the exception of Starting Pay) in the Compensation Management System can be broken down into two broad categories – employee-initiated or management-initiated.

Starting Pay

The objective of establishing a flexible **Starting Pay** practice is to attract highly skilled and competent job candidates to the Commonwealth's workforce. **Starting Pay** decisions remain the responsibility of the individual agencies and affect new employees and employees who are rehired by the Commonwealth.

The **Starting Pay** practice is competitive, negotiable, and the candidate may be offered a salary ranging from the minimum of the pay band to an increase ranging from 0% to 15% above their current salary. There are situations where the negotiated salary is less than the candidate's current or most recent salary (e.g. geographic salary differences, different competencies for the new position, internal alignment, etc.). Salary offers must be at or above the minimum of the pay band and can not exceed the maximum of the pay band. Offers may exceed 15% of the candidate's current salary; however, the agency must document that the appropriate **pay factors** were considered, and that negotiations with the candidate transpired to ensure the minimum sufficient salary was offered in order to secure job acceptance. Agency heads, or their designees, have the authority to approve **Starting Pay** above 15%.

In determining **Starting Pay** for candidates, it is important to emphasize that agencies should use the range of salary options flexibly, rather than relying on a flat percentage for all or the majority of **Starting Pay** determinations. When making Starting Pay determinations, the agency should consider all of the appropriate pay factors.

Employee-Initiated Pay Practices

The pay practices included in this section are a result of an employee applying for a vacant higher, lower or equal position through a competitive process or moving into a lower or equal position through a voluntary non-competitive selection process. Salaries are negotiated between the employee and hiring manager.

- **Promotion**

A **Promotion** involves a competitive selection process, and results in the employee's movement to a different Role in a higher pay band. Promotional increases are negotiable from the minimum of the pay band up to 15% above the employee's current salary not to exceed the pay band maximum.

- **Voluntary Transfer**

A **Voluntary Transfer** occurs when an employee moves to a different position that is either: within the same Role; or in a different Role with the same pay band. **Voluntary Transfers** can be achieved through a competitive recruitment process or through a voluntary non-competitive process.

With a competitive **Voluntary Transfer**, employees may negotiate a salary offer from the minimum of the pay band to 15% above their current salaries. However, there may be circumstances where the negotiated salary is less than the employee's current salary. The salary offer can not exceed the maximum of the pay band.

The non-competitive **Voluntary Transfer** allows the employee to negotiate a salary offer from the minimum of the pay band to 10% above the employee's current salary. However, there may be circumstances where the negotiated salary is less than the employee's current salary. The salary offer can not exceed the maximum of the pay band.

- **Voluntary Demotion**

A **Voluntary Demotion** occurs when an employee requests to move to a different Role in a lower pay band. A **Voluntary Demotion** can be achieved through a competitive or non-competitive selection process. The employee's salary is negotiable from the minimum of the lower pay band up to the employee's current salary. Additionally, if the employee's current salary exceeds the maximum of the lower pay band, the agency has the option of freezing the employee's salary for up to six months. After 6 months, the employee's salary must be reduced to the new pay band maximum.

Management-Initiated Pay Practices:

These pay practices are specifically designed to provide agency management the flexibility to manage employee compensation based on their agency's unique needs. Through the use of these pay practices, managers will have more influence over the agency's ability to attract, retain and reward employees that have a performance rating of "contributor" or higher. Pay practices initiated by agency management are non-competitive in nature and allow management to make pay determinations that directly impact an employee's compensation.

In addition to the management-initiated pay practices, a number of ***Exceptional Recruitment and Retention Incentive Options*** are available to assist with the recruitment and retention of employees that are critical to the agency mission and on-going operations of the agency and for which significant recruitment and retention problems exist. These ***Incentive Options*** typically follow labor market practices used by other industries where the Commonwealth competes for employees (see Appendix I, Exceptional Recruitment and Retention Incentive Options).

The following pay practices are all management-initiated pay practices available in the Compensation Management System:

○ **Temporary Pay**

Temporary Pay is based on an agency's need for an employee to assume different responsibilities -on an interim basis or granted for additional assignments associated with a special time-limited project. It is a management-initiated pay practice that is typically non-competitive and may be granted to an employee for assuming new duties in the same or different Role on a time-limited basis. Typically, special project assignments will be within the scope of the employee's Role or a different Role in the same pay band. ***Temporary Pay*** is reflected as a "special rate" and is discontinued when the employee no longer performs in the interim Role or upon completion of the special project. It is important to note that ***Temporary Pay*** does not automatically occur whenever an employee is given special assignments or assumes additional duties. This practice is reserved for situations where the new or additional duties or assignments are organizationally critical to on-going operation.

There are two situations where **Temporary Pay** may be considered by agency management. First, the agency needs an employee to assume a different Role in a higher pay band for a period of time. In these situations, agency management can grant 0% to 15% above the employee's current salary. **Temporary Pay** offers can not exceed the maximum of the higher pay band.

The second situation where **Temporary Pay** can be used is when the agency needs an employee to assume new duties in the same or different Role in the employee's same pay band on an interim basis or handle and complete a special time-limited project(s). In these situations, agency management can grant a 0% to 10% increase not to exceed the pay band maximum.

- **Role Change**

A **Role Change** is a non-competitive change where a position is changed to a different Role in a higher, lower or same pay band - **Upward Role Change, Downward Role Change** or **Lateral Role Change** respectively. (**Role Change** was formerly referred to as **position reallocation**.) The agency's Human Resource Department is responsible for approving and monitoring **Role Changes**, and may delegate this authority to management within the agency.

An **Upward Role Change** is a change in **Role** that is assigned to a higher pay band. With an **Upward Role Change**, agency management may grant a 0% to 10% salary increase but cannot exceed the maximum of the higher pay band and the salary must be increased at least to the minimum of the higher pay band.

A **Downward Role Change** is a change in Role that is assigned to a lower pay band. The employee's salary is unchanged, unless it exceeds the maximum of the lower pay band. In this case, the employee's salary is maintained for a six-month period, and then is reduced to the maximum of the pay band.

A **Lateral Role Change** is a change in Role within the same pay band. With a **Lateral Role Change**, agency management has the discretion to grant a 0% to 10% increase to the employee as long as the salary does not exceed the maximum of the pay band. A salary increase due to a **Lateral Role Change** is considered an in-band adjustment and counts toward the 10% fiscal year maximum outlined for **In-Band Adjustment** (below).

○ **In-Band Adjustment**

In-Band Adjustment is a multi-faceted non-competitive pay practice that allows agency management the flexibility to provide potential salary growth and allows employees career progression within a pay band. The range of increases for an ***In-Band Adjustment*** is 0% to 10%, and the employee's base salary can not exceed the maximum of the assigned pay band (or ***sub-band***). The total increase an employee can receive for ***In-Band Adjustments*** (including ***Lateral Role Change***) can not exceed 10% within a fiscal year.

Employees at the maximum salary of their assigned pay band are not eligible for base pay or non-base pay (bonus) ***In-Band Adjustments***. However, agencies using ***sub-bands*** within a pay band may grant non-base pay (bonus) ***In-Band Adjustments*** to employees whose salaries are at the maximum of the ***sub-band***. In such cases, base pay increases may not be granted to incumbents.

In-Band Adjustments are determined by the agencies and can be granted for the following reasons:

- Change in duties
- Professional/Skill Development - application of newly acquired job-related knowledge and skills obtained through education, certification or licensure
- Retention
- Internal alignment

1. **In-Band Adjustment - Change in Duties**

It is not uncommon for agencies to redesign and reconfigure work assignments and job responsibilities based on changes in organizational goals, technology, staffing, etc. Oftentimes, agencies are required to assign essential work to existing staff and these additional responsibilities do not warrant movement to a new Role with a higher pay band assignment.

The ***In-Band Adjustment for a Change in Duties*** allows agency management to grant salary increases ranging from 0% to 10% to employees at any level of the organization who assume new higher level duties and responsibilities that are critical to the operations of the agency.

In considering salary adjustments, agencies should consider the extent of the change in duties and responsibilities in comparison with former duties, and also should compare the employee's salary and the duties and responsibilities to other employees in the agency or unit. This pay practice allows management the flexibility to financially reward employees for assuming significant additional duties that would otherwise go uncompensated unless an ***Upward Role Change*** occurred.

2. In-Band Adjustment - Professional/Skill Development

An important part of the Compensation Management System is to encourage and provide career growth and career progression opportunities for the Commonwealth's workforce. Therefore, this pay practice encourages and rewards employees for acquiring additional job-related training, education, certification and/or licensure that increases their knowledge and skills and, thus, benefits the agency. The ***In-Band Adjustment for Professional/Skill Development*** is a non-competitive pay practice that allows agency management to grant salary increases to employees who use newly acquired knowledge and skills in their jobs that they have gained through professional development activities. The range of the salary increase is 0% to 10% not to exceed the maximum of the assigned pay band.

3. In-Band Adjustment - Retention

The ***In-Band Adjustment for Retention*** is a non-competitive pay practice. This practice is designed to prevent employees from seeking employment outside the agency in occupations that have high visibility in the labor market when the employees' salaries may not be as competitive with the marketplace. Typically, an ***In-Band Adjustment for Retention*** purposes is granted to all employees in a particular functional area and serves as a mechanism available to management to avoid job turnover due to outside competition. Agency management may grant a range of 0% to 10% salary increases to employees to retain them as part of the Commonwealth's workforce. In no case can the ***In-Band Adjustment for Retention*** exceed the maximum of the pay band.

4. In-Band Adjustment - Internal Alignment

The term ***Internal Alignment*** refers to the proximity of one employee's salary to other employees' salaries in the same agency who have comparable levels of training and experience; similar duties and responsibilities; similar performance; and similar levels of expertise, competencies and/or knowledge and skills. An ***Internal Alignment Adjustment*** is a non-competitive pay practice and is utilized when an employee is underpaid relative to the salaries of co-workers who have the same or similar features listed above.

An ***In-Band Adjustment for Internal Alignment*** is a management tool that can be used to achieve a more consistent alignment of salaries within their organization. Agencies can grant a salary increase in the range of 0% to 10% to align an employee's salary more closely to that of comparable co-workers.

- **Disciplinary or Performance-related Salary Action**

Agency management may initiate a ***Disciplinary or Performance-related Salary Action*** for employee discipline or performance reasons. In these situations, an employee can be assigned to a Role in a lower pay band or remain in the same pay band with less responsibilities. If the employee is moved to a Role in a lower pay band, then the employee's salary must be reduced to at least the maximum salary of the pay band and may be any rate within the band as long as the employee receives a minimum of a 5% reduction in pay. If the employee remains in the same pay band, then the employee's salary may be reduced to any rate within that band as long as the employee receives a minimum of a 5% reduction in pay. In no case, would an employee maintain his or her current salary or receive an increase in salary. The agency must redefine the duties of the employee to reflect a decrease in level of responsibilities.

- **Competitive Salary Offer**

Agency management may approve ***Competitive Salary Offers*** to employees who are deemed critical to the agency's mission and on-going operations when the employee receives a higher salary offer. The employment offer should be in writing and can be from another State agency (***internal competitive salary offer***) or an organization external to the Commonwealth (***external competitive salary offer***). For internal competitive salary offers,

the other state agency may not make a second offer in response to the employing agency's counter-offer.

- **Internal Competitive Salary Offer**

In the case of a written employment offer from another State agency, there can only be one counter offer made by the employee's current agency for a job with a higher salary within the same or higher pay band. The amount of the competitive offer may not exceed the amount of the job offer from the other agency or the maximum salary of the pay band.

- **External Competitive Salary Offer**

In the case of a written employment offer from an organization external (private, not-for-profit, public non-State agency, or State non-classified) to the Commonwealth, the agency may make a counter offer to the employee. The amount of the competitive offer may not exceed the amount of the job offer from the external organization or the maximum of the pay band.

It is important to emphasize that ***Competitive Salary Offers*** are a way to retain employees who are pivotal to the successful operation of an agency and who have received external job offers. For extremely difficult recruitment and retention situations, the Compensation Management System has additional ***Exceptional Recruitment and Retention Incentive Options*** that may be used by agencies for employees critical to the agency mission and on-going operations of the agency, and for which significant recruitment and retention problems exist. (see Appendix I, Exceptional Recruitment and Retention Incentive Options).



CHAPTER 10

SALARY SURVEYS

SALARY REFERENCE DATA

Salary information is an important tool in managing employee compensation and comparing the competitiveness of Commonwealth's salaries to the labor market. This information is used in several ways.

Pay Band Adjustments

The Department of Human Resource Management (DHRM) provides an analysis of salary information to the Governor and the General Assembly to support the decision to adjust the pay structure. The information is derived from range adjustment projections found in surveys conducted by national compensation organizations. DHRM also provides information on projected performance increase budgets to the Governor and General Assembly for use in determining funding for performance increases.

Salary Management for Roles and Employees

DHRM maintains a collection of salary surveys covering public and private firms in a wide variety of occupations and geographic locations. DHRM also conducts surveys to supplement these sources and will assist agencies in analyzing and applying the survey data.

A summary of the survey data related to each **Role** is available to the agencies on DHRM's website. The **survey summaries** will vary among the different **Roles** since a variety of data and survey sources will be used (see Appendix J, Survey Summary Data Sample). Not all survey sources will provide information for every **Role**. Agencies will use the survey data to manage employee compensation in the following ways:

- Managing Employee Salaries

The **survey summaries** provide agencies with information that will enable them to target their salary increase dollars to specific employees where labor market competitiveness is critical. The agencies may use the

survey summaries to allocate a larger percentage of their salary budgets to jobs that are critical to the operations of the agency and that are experiencing unusual salary movement in the market.

Since **Roles** combine a number of jobs within a Career Group, survey data are often not applicable to an entire **Role**. The **survey summaries** provide salary data on discrete jobs in the labor market. For example, carpenters and electricians are assigned to the Trades Technician III Role and the **survey summaries** may be different for these two jobs.

- **Adjusting Pay Ranges**

Agencies are responsible for monitoring salary data for **Roles** used and targeting salary increases based on this information. However, if the rate for a particular type of job (e.g., electrician) increases faster than the State's band structure, staffing problems may result.

When agencies experience staffing problems, they should review salary and staffing data, including turnover and vacancy information. Agencies experiencing or anticipating staffing difficulties may contact DHRM to request the establishment of **differentials**, **Career Group revisions** or **re-banding** a particular **Role**.

- **Salary and Competitive differentials** are used when a particular type of job (e.g., electrician) is not paid competitively with the geographic labor market. Typically, **differentials** are used to address staffing problems that arise due to turnover and prolonged vacancies. Agencies may contact DHRM to request consideration of a **differential**. DHRM assesses the extent of the problem and the impact a **differential** would have on other jobs and agencies. If justified, DHRM may approve a **differential**.

Additionally, DHRM monitors the **differential** plan for positions in the northern Virginia area (NOVA). **NOVA differentials** are adjusted based on market and staffing data from that geographic area. In some cases, adjustments to the differential may require a request for additional funding.

- **Career Group Revision** results from a study of jobs using salary data and the compensable factors. In these situations, specific types of jobs within a **Role** may move to a higher or lower pay band.

When a **Career Group** is revised, the **Career Group Description** must be updated to reflect the changes in the assigned **Roles**. Employees that move to a different **Role** may have their salaries adjusted according to the rules governing **Upward or Downward Role Changes** (see Chapter 8, Pay Practices).

- **Re-banding** is the change of a **Role** to a higher pay band due to extreme changes in the labor supply or market conditions. Since there is a 30.6% difference between the minimum salary in each pay band (with the exception between pay band 2 and 3 which has a 19.5% difference) **re-banding** will occur infrequently and is typically in response to extreme labor market changes. All agencies affected by **re-banding** must be able to fund any resulting salary increases provided to employees.

REQUESTS FOR DIFFERENTIALS, CAREER GROUP REVISIONS OR RE-BANDING

When an agency experiences staffing problems due to the lack of competitiveness with the labor market, the agency may submit a request to DHRM for consideration of a **differential, Career Group revisions** or the **re-banding** of a **Role**. The following information should be provided by the agency:

- **Problem Statement** that gives a concise summary of the problem. This statement should show a cause-and-effect relationship between pay and an identified problem. (*Example*: “During the past six months, the agency has lost fifteen electricians to competing firms that pay an average of 20% above State salaries.”)
- **Agency Action** that describe what the agency has done to improve staffing for the positions under study, such as expanding the recruitment area, providing in-band salary adjustments to incumbents, etc. The agency should include an assessment of why it believes the staffing problems persist.

- **Turnover and Vacancy** that describe the current staffing problem: turnover rate; current number and percentage of positions that are vacant; relevant historical data and information from exit interviews (see Appendix K, Turnover Rate Computation and Usage). The analysis of information should focus on employees leaving for salary-related reasons. Promotions and transfers to other positions within State government are not normally indications of retention problems due to salary.

Each agency is responsible for conducting exit interviews to obtain information on the reasons why employees are leaving their jobs. These interviews may reveal problems related not to salaries but to other factors such as job satisfaction, opportunity for training and advancement, educational assistance, work environment and quality of management.

- **Recruitment** strategies that have been employed to fill vacancies. Agencies should specify the number of advertisements in a given period; media used; number of qualified applicants; salaries offered; applicants' most recent salary and the reasons applicants have declined employment offers.
- **Starting Salary** analysis that describes the agency's experience with salary offers for new employees during the last twenty-four months. This analysis should address where in the pay band employees have been hired and whether any exceptional salaries have been requested.
- **Internal Impact** that includes an analysis of the position and negative effects that a **differential**, **Career Group revision** or **re-banding** may have on the internal alignment with other employees in similar or related **Roles** in the agency.
- **Market Data** that may have been collected by the agency from competing firms in the local market area where the problem exists. Agencies should also assess any salary data that DHRM routinely provides. If competition is not limited to a particular locality, the collection of market data should be coordinated with DHRM.
- **Certification of Availability of Funds** based on the type of action the agency has requested. All requests for **Career Group revision** or **differential** must be accompanied with a statement from the agency that funds are available to support any resulting salary increases. Certification to

the Secretary of Finance that funds are available to support salary increases is required for **Career Group revisions** or **re-banding a Role**.

If DHRM declines the request, agency heads or their designee(s) may appeal the decision (see Appendix D, Appeals).

CONDUCTING SALARY SURVEYS

DHRM routinely monitors salary information and identifies trends. When an agency submits a request for a **differential, Career Group revision** or the **re-banding** of a **Role**, DHRM will assess all the available information. If necessary, DHRM may conduct a salary survey to validate the State's market position or request that the agency conduct a survey.

State agencies need to be sensitive to burdening other employers with requests for salary data. Therefore, in areas outside the metropolitan Richmond area, agencies should coordinate data collection with other agencies in the local area that have the same type of positions. Also, agencies in the metropolitan Richmond area should coordinate data collection with DHRM. Agencies are asked not to contact the central personnel departments in other States without DHRM's concurrence.

The following guidelines should be used by agencies in their surveying efforts. (These are the same guidelines that DHRM follows in conducting salary surveys):.

- **Selecting the jobs to survey:** A survey may gather information relating to an entire Career Group, a **Role**, or to a specific group(s) of positions within a **Role** (e.g., electricians within the Trades Technician II Role). This decision should be based on the nature of the current or potential staffing problems that are being addressed. The range of positions used by the agency or agencies experiencing the staffing problems may also influence the breadth of the survey.
- **Defining the relevant labor market:** This step identifies other employers who compete with the Commonwealth for employees that perform similar work. The market may vary from a few local employers in a particular industry to employers in various industries nationwide. The market for jobs performing duties that are unique to government would be local, state or

federal government agencies (e.g., social service, law enforcement and regulatory jobs).

- **Private Industry** includes firms in the relevant labor market (Virginia, the Southeast or Middle-Atlantic regions, or the United States) that may be selected from the Virginia Employment Commission's employer list or from membership lists of human resource or compensation associations. Salary surveys should always take into account the salaries paid by private firms for comparable jobs.
- **Government** entities, including local, state and federal agencies, may provide the most relevant comparison to State-level jobs. For a large number of state jobs, there are no comparable positions in the private sector. Additionally, the Commonwealth often competes for the same workers as federal agencies and localities attract.
- **States in the Southeastern or Mid-Atlantic region** represent the most relevant labor market for the Commonwealth's jobs. The suggested use of data from regional states does not preclude the use of data from other states, localities, or federal agencies if there is active competition with them for employees in the job **Role** under review. Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee and West Virginia are considered in many compensation studies, for the following reasons:
 - using the same regional states in all studies provides consistent results;
 - salaries paid by these states are comparable to salaries paid in Virginia;
 - in national salary surveys of private industry and state governments, Virginia employers' are typically grouped with the Southeastern or Mid-Atlantic region; and
 - the characteristics of the labor force (e.g., the size of the labor force, occupational and industrial mix, salary levels, union membership) in the Southeastern states are similar to those of Virginia.
- **Identifying Competitors:** DHRM may ask agencies to assist in identifying their competitors in the relevant labor markets. Employee exit

interviews are valuable sources for identifying competing firms. Additionally, agency managers and supervisors may maintain professional contacts with private firms and participate in their professional organizations that can often provide valuable information.

- **Compensation Publications**

Survey reports by professionally recognized national compensation organizations and consulting firms are often used. DHRM participates in a number of these surveys and receives these reports routinely. A list of these survey sources is on DHRM's website.

DESIGNING A SALARY SURVEY INSTRUMENT

Survey instruments are designed to ensure that useful and accurate data are obtained, and that completing the survey is not an undue burden on respondents. Surveys may be conducted in writing, by telephone or by fax (see Appendix L, Sample Salary Survey Format).

Types



Surveys typically are in written form if the number of jobs or the number of surveyed employers is large.



Telephone surveys may be used if the number of jobs and employers is small and the study must be completed within a short timeframe. Additionally, telephone surveys are preferred in instances where the jobs are unusual or complex because two-way communication assists in ensuring appropriate job matches.



Facsimile (FAX) transmissions and electronic mail (E-mail) are especially useful when time is limited.

Format

There is no prescribed format for salary surveys. Rather each survey should be tailored to meet the specific purpose of the survey. There are several points that should be considered when designing the format of a survey:

- Assign a code to each company surveyed and assure prospective respondents that their data will be kept confidential;
- Identify each surveyed job by a ***Salary Reference Title*** that is likely to be understood in the private sector or in other public agencies;
- Do not include salaries of state jobs in the survey instrument since this may lead some respondents to match salaries rather than jobs;
- Obtain matching job title and the number of employees in the job from the respondents to assist in determining if it is an appropriate job match; and
- Obtain from the respondent the degree of job comparison by indicating whether their job is “similar in complexity”; “somewhat more” (or) “less complex”; or “considerably more” (or) “less complex”.

Capsule Job Description

The salary survey should include “capsule” descriptions of the work performed by the employees being studied (see example in Appendix L, Sample Salary Survey Format). Some important points include:

- The capsule should include the nature and level of the work.
- The organizational level of the job should be indicated, particularly for management jobs, and the reporting relationships should be clearly stated.
- The capsule should be specific enough to enable the respondent to determine a reasonable match to the job. However, it should not be so detailed that it excludes reasonable matches.

Salary Data Elements

Salary surveys typically ask respondents for the salary range and average (mean) salary paid to current employees. However, human resource professionals should understand the following salary terms and incorporate them into salary surveys as appropriate.

- **Salary Range** assigned to a job generally indicates its value to the organization. The spread (or width) between the minimum and maximum of the salary ranges may vary, depending upon the organization's salary structure.
- **Minimum Salary** is the entry level of pay for a job. It is usually the hiring rate for applicants with minimum qualifications.
- **Hiring Rate** is the pay rate used for starting salaries for applicants. The hiring rate may differ from the minimum salary if market conditions require the employer to hire minimally qualified applicants above the range minimum. The hiring rate may be used as the minimum salary for survey purposes if the employer has no salary range.
- **Maximum Salary** is the highest salary that an employee may receive in a given job. The maximum salary is the highest value the employer has attached to the job.
- **Midpoint Salary** is the halfway point between the range minimum and maximum salaries. The midpoint salary is used to compare various salary range widths and is one of the most helpful salary data elements used in surveys. Survey instruments usually do not ask for midpoint salary since it can be easily calculated by adding the minimum and maximum salaries and dividing the sum by two.
- **Longevity Pay** is a supplement paid to long-term employees, regardless of their job performance. Some organizations incorporate longevity pay into their salary structures. DHRM does not consider longevity pay in analyzing survey data. Survey instruments should request respondents to exclude longevity pay from their responses.
- **Simple Average (Mean) Salary** includes the total salaries of all employees in a particular job divided by this number of employees. The simple average (mean) salary is a good indicator of competitiveness because it relates, more than the range indicators, to the salaries that employees are actually being paid.
- **Median Salary** is a measure of central tendency that indicates the middle value in a range of salaries. The median salary has an equal number of salaries above and below it. In the case where there is an even number of

salaries, the median salary is determined by averaging the two middle salaries. The median can be used if there is a large number of employers responding to the survey. An advantage of the median salary is that it reduces the statistical effect of extremely high or low salaries.

- **Percentiles** are values on a scale of one hundred that indicate the percent of distribution. The median is equivalent to the 50th percentile. Percentiles are useful in determining the agency's relative standing in the labor market. For example, if the average electrician's salary in an agency equates to the 10th percentile of electricians' salaries in a survey, this means that 90% of the electricians in the survey are paid as much or more than the agency's electricians. This would indicate that the agency should consider ways to increase their electricians' salaries. On the other hand, it may be appropriate for a new, inexperienced employee to be paid at the 10th percentile, just as it may be reasonable for a highly skilled and experienced employee to be paid, for example, at the 80th percentile.
- **Effective Date of Salary Data** should be obtained from all respondents of the salary survey. If the salaries are not reasonably current, they should be adjusted by an estimated percentage to account for market movement. This process is often called "aging" the survey data. DHRM can provide assistance in locating and applying these estimates.
- **Benefit and Pay Supplements** such as free housing, uniform allowance and meal allowances affect total compensation for some jobs and should be considered in determining market competitiveness for such jobs. For most studies, however, agencies do not need to include requests for benefits information in their salary surveys. DHRM periodically surveys employers to compare and analyze the competitiveness of the State's benefit package.

ANALYZING SALARY DATA

Determining Salary Deviations

The simple average (mean), minimum, midpoint and maximum salaries from the survey respondents may be used to determine salary deviations. Surveys conducted by DHRM and agencies do not usually include enough employers for the median to be useful. However, published national surveys that include median and other percentile values may provide useful information.

The simple average of responding firms' data may be used to indicate the prevailing practice among employers. However, the simple average salary must be used with care. Employers with a small number of employees in a job will have a disproportionate effect on the average.

A method to offset this effect is to obtain a **weighted average salary**. A **weighted average** is obtained by adding all of the respondents' total salaries for a job and dividing the grand salary total by the total number of employees reported. The resulting figure is the **weighted average salary**. When **weighted averages** are used, large employers have more influence than smaller employers on the calculation of the market rate. A **weighted average salary** is a more appropriate measure than the simple average (mean) salary in an active market where large employers are hiring more employees in those jobs than smaller employers.

Calculating Salary Deviations

Deviations indicate the adjustment that would be necessary for the Commonwealth's salary to be equal to the competitors' average salary. An average deviation can be calculated for any salary data element that is collected in a survey, including the range minimum, range midpoint, range maximum and average salary.

The deviation is computed by subtracting the competitors' average salary from the Commonwealth's corresponding salary (minimum, midpoint, maximum, or average salary) and dividing that difference by the Commonwealth's salary. Multiplying the quotient by 100 gives the percent deviation. Survey differences are always expressed as a percentage of state salaries to the market, as illustrated below.

Example: (Comparing range midpoints)

<u>Virginia's</u> <u>Midpoint</u>	<u>Competitors' Avg.</u> <u>Midpoint</u>	<u>Difference</u>	<u>Virginia's</u> <u>Midpoint</u>	<u>Deviation</u>
\$15,000	\$16,000	= - \$1,000 (divided by)	\$15,000	= - 6.67%
\$26,000	\$24,000	= +\$2,000 (divided by)	\$26,000	= + 7.69%

Negative Deviation is the percentage that Virginia's range midpoint would need to be increased to equal the competitors' range midpoint (\$15,000 x .0667

= \$1,000 and $\$15,000 + \$1,000 = \$16,000$). In other words, Virginia's range midpoint is - 6.67% behind the market.

Positive Deviation indicates the percentage amount that Virginia's range midpoint would have to be reduced to equal the competitors' range midpoint ($\$26,000 \times .0769 = \$2,000$ and $\$26,000 - \$2,000 = \$24,000$). In this case, Virginia's range midpoint is + 7.69% higher than the market.



APPENDIX A

AGENCY SALARY ADMINISTRATION PLAN GUIDELINES

- I. Effective Date
- II. Agency Salary Administration Philosophy and Policies
- III. Responsibilities
- IV. Recruitment & Selection Process
- V. Performance Management Process
- VI. Pay Practices Process
- VII. Recognition Awards
- VIII. Hourly Employees
- IX. Program Evaluation
- X. Appeal Process
- XI. EEO Statement
- XII. Communication Plan
- XIII. Authorization and Signature



AGENCY SALARY ADMINISTRATION PLAN GUIDELINES

The ***Agency Salary Administration Plan Guidelines*** are intended to help state agencies prepare for implementation of the State's Compensation Management System and serve as a continuous framework for updating ***Agency Salary Administration Plans***, as agency business needs change. Additionally, these guidelines will provide agencies a framework in which to formulate their internal job evaluation processes and salary administration policies to support their agency's mission and organizational needs. These guidelines contains ideas, alternatives and options for agencies to consider as they design their own approach to implementing the new compensation components outlined in the Compensation Management System. These guidelines should serve as a resource to agencies and should not be perceived as a comprehensive listing of all options available to agencies in implementing the Compensation Management System.

During the transition to the State's Compensation Management System that will begin September 25, 2000, agencies will not have to develop an ***Agency Salary Administration Plan***. This transition period is a time when agency management becomes familiar with the new job evaluation and compensation components and begins to formulate and operationalize their ***Agency Salary Administration Plan*** based on their organizational needs. A ***Transition Planning Checklist*** has been developed for agencies to use during this transitional period that includes items that should be considered for implementation. This checklist will serve as the precursor for the ***Agency Salary Administration Plan***.

The ***Agency Salary Administration Plan*** is the document that outlines how agencies will implement the Compensation Management System. It will address specifically how the agency intends to implement the compensation and performance management components. This document will become the foundation for ensuring consistent application of pay administration decisions.

The ***Agency Salary Administration Plan*** is the basis for agency policy. Agencies will be held accountable for actions taken in accordance with their plan. It will be submitted to the State Department of Human Resources Management (DHRM) for review. Approval will not be required; however, DHRM will conduct post audits to ensure that ***Agency Salary Administration Plans*** are in compliance with EEO requirements and state policy. Additionally, DHRM will serve as a resource to agencies to assist with plan development.

The framework outlined in this guide is designed to address the components an agency should typically include in their **Agency Salary Administration Plan**. Each of the plan's components outlines issues to be considered as agencies develop their internal salary administration policies, and potential options regarding the agency's internal approval process. Each agency should decide the level of approval needed for various salary administration decisions.

All agencies are required to develop an **Agency Salary Administration Plan** that addresses their salary administration policies for the new pay practices outlined in the Compensation Management System.

I. EFFECTIVE DATE

An **Effective Date** should be clearly designated in the agency's **Salary Administration Plan**. The **Effective Date** for initial implementation will be September 25, 2000, and thereafter would reflect the date the plan is changed or modified.

Once an **Agency Salary Administration Plan** has been developed, there should be an on-going review of its continued applicability to the agency's mission and organizational needs. The **Agency Salary Administration Plan** will need to be revised when legislation approved by the General Assembly impacts parts of the plan. The following are several review options available to agencies:

- The **Agency Salary Administration Plan** may be effective until the agency decides to make a change/revision based on changing organizational needs.
- The **Agency Salary Administration Plan** may be reviewed and revised on a scheduled basis (i.e., fiscal year review, reviewed in conjunction with the agency's strategic plan, etc.)
- The **Agency Salary Administration Plan** may be revised to conform with any legislation approved by the General Assembly that may impact parts of the plan.

II. AGENCY SALARY ADMINISTRATION PHILOSOPHY AND POLICIES

The Commonwealth's **Compensation Philosophy** is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality service in a fiscally responsible manner to the citizens of Virginia. The Commonwealth's **Compensation Philosophy** should be the foundation used by agencies in the development of their individual **Salary Administration Philosophy**.

A **Salary Administration Philosophy** is a formal statement of the basic goals and values that will guide the design, implementation and administration of the agency's compensation program. The **Salary Administration Philosophy** ensures that all compensation decisions are consistent with the agency's mission, goals, business objectives and culture. Therefore, it is important that agencies take into consideration

their unique organizational needs when developing their **Salary Administration Philosophy**:

1. Identify recruitment markets and level of market competitiveness:

Where possible agencies should determine the applicable recruitment markets (e.g. local, regional, and national) for all jobs. DHRM can assist with this process. Identification of different recruitment markets will assist in determining market competitiveness for agency jobs. To determine their desired level of competitiveness of their compensation program, agencies may want to identify certain segments of their workforce that have the most significant impact on the agency's mission and services. Some options and considerations in identifying recruitment markets and level of market competitiveness are listed below:

- Identify different groupings of similar jobs (e.g. senior administrative staff, department directors, licensed professionals, clerical, etc.).
- Define the typical recruitment markets for each of these job groupings.
- Determine the agency's market position relative to each of these defined recruitment markets.
- Designate the general approach of how the agency will position itself in relation to the market.
- Identify specific high impact jobs (operationally critical) where salary dollars should be targeted.
- Emphasize **total compensation** (base pay and benefits) rather than strictly base pay.

2. Internal Considerations:

Agencies should consider a number of internal factors which demonstrate the range of flexibility they have in developing their **Salary Administration Philosophy**:

- **Duties and responsibilities:**
 - compensating the employee based on the predominant or usual duties or
 - paying the employee for the highest level of skills and abilities or
 - determining internal salary rates using performance, behavioral competencies and technical expertise
- **Agency Distribution of Increases:**
 - granting the highest pay increases to those who contribute most to meeting agency goals or
 - ensuring that employees at all levels of the organization participate equitably
- **Bonus Payment Decisions:**
 - administered centrally or

- delegated to individual agency managers
- **Pay Administration:**
 - using established rules and controls with little management discretion in pay determinations or
 - providing management with tools that will allow for flexibility in making pay decisions
- **Human Resource Responsibility:**
 - control or
 - consulting or
 - shared ownership
- **Administrative Responsibility:**
 - centralized human resources oversight (equity balance) or
 - decentralized management accountability for pay decisions

3. **Funding Considerations:**

Agencies should review Section 4-6.01 k of the 2000 Appropriation Act dealing with funding of salary increases including promotions, reallocations and In-Band Adjustments.

k. 1. Except as otherwise provided for in this subdivision, increases in the level of compensation for any job role contained in the compensation and classification plans approved by the Governor shall be effective beginning with the first pay period, defined as the pay period from June 25 through July 9, of the fiscal year if: (1) the agency certifies to the Secretary of Finance that funds are available within the agency's appropriation to cover the cost of the increase for the remainder of the current biennium and presents a plan for covering the costs next biennium and the Secretary concurs, or (2) such funds are appropriated by the General Assembly. If at any time the Secretary of Administration shall certify that such change in the level of compensation for a job role is of an emergency nature and the Secretary of Finance shall certify that funds are available to cover the cost of the increase for the remainder of the biennium within the agency's appropriation, such change in compensation may be effective on a date agreed upon by these two Secretaries. The Secretary of Administration shall provide a monthly report of all such emergency changes in accordance with § 4-8.00, Reporting Requirements.

2. Salary adjustments for any employee through a promotion, reallocation, or in-range adjustment shall occur only if: (1) the agency has sufficient funds within its appropriation to cover the cost of the salary adjustment for the remainder of the current biennium or (2) such funds are appropriated by the General Assembly.

4. **Other Agency Policies:**

Additionally, agencies should review all of their existing policies, practices and information systems requirements to determine if revisions and adjustments need to be made in order to conform to the new provisions of the Compensation Management System.

III. RESPONSIBILITIES

The agency needs to outline the types of actions each level in the organization is responsible/accountable for in order to implement the Compensation Management System. It is suggested that responsibilities be identified for the following:

- Administration (the Agency Head's executive management team)
- Fiscal/Budget
- Managers
- First-line Supervisors
- Employees
- Human Resources

The agency may also want to establish a **Compensation Committee** composed of key executives/decision-makers in the organization. The role of the **Compensation Committee** may be to establish agency compensation policy and provide for evaluation of the Compensation Management System. Committee members may include Human Resources staff, Budget staff, and agency program managers.

The chart below outlines some suggested options for identifying responsibilities within the organization and should not be perceived to be an exhaustive listing of all possibilities.

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Establish agency Salary Administration Philosophy							
Establish agency salary administration policies							
Provide employees information on new compensation plan							
Provide training to managers and employees							
Develop a list of compensation priorities for the agency							

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Assess salary priorities and departmental needs in developing and acting on pay practices							
Establish and allocate positions into proper Role							
Determine responsibility for assigning Work Titles							
Information gathering/support for increase <ul style="list-style-type: none"> • Percentage increase requested • Source of funding • Total percent of previous increases during current fiscal year • Address any internal alignment issues in department? • Justification for percentage increase requested addressing: <ul style="list-style-type: none"> – Agency Business Need – Duties and Responsibilities – Performance – Work Experience and Education – Knowledge, Skills, Abilities and Competencies – Training, Certification and License – Internal Salary Alignment – Market Availability – Salary Reference Data – Total Compensation – Budget Implications – Long Term Impact – Current Salary 							
Recommend pay actions							
Approve pay actions							
Negotiate salaries with applicants and employees							
Negotiate within employee initiated pay practices							
Review use of pay practices							
Establish readiness criteria for decentralization within the agency							
Identify what functions and pay decisions will be decentralized							
Provide feedback to employee on Performance Evaluation							
Employee's current performance rating							
Encourage and coach employee career development							
Seek career development opportunities							

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Self development and application of new skills, competencies							
Respond to employee appeals							
Provide for program evaluation							
Collect data and provide reports							
Reviewing and following up on reports							
Review EEO impact of salary decisions, Role allocations, and other decisions impacting pay or potential pay							
Stay informed about compensation program							

IV. RECRUITMENT AND SELECTION PROCESS

The agency needs to determine the level of flexibility or control they wish to allow in employment practices. Some potential considerations are outlined below:

- **Advertising Jobs:**
 - use of Work Titles or Role Titles
 - use of a hiring range (e.g. use the entire pay band, use a segment of the pay band based on pay determination factors, etc.)

- **Recruitment:**
 - information to potential candidates about career development opportunities
 - information to potential candidates about possible opportunities to progress through the pay bands

- **Selection:**
 - starting pay determinations (e.g. centralized in the Human Resources Department, decentralized to hiring manager; or a combination approach)

- **Documentation (Tools and Forms):**
 - Employee Work Profile
 - Pay Action Worksheet
 - agency developed forms containing all required information

V. PERFORMANCE MANAGEMENT PROCESS

Performance Management will be implemented as Phase II of the Compensation Management System. Once guidelines are complete, agencies will be provided with additional guidance on developing the agency's Performance Management Process.

VI. PAY PRACTICE PROCESS

In determining salaries, agency management must take the following pay determination factors into consideration:

- Agency Business Need
- Duties and Responsibilities
- Performance
- Work Experience and Education
- Knowledge, Skills, Abilities and Competencies
- Training, Certification and License
- Internal Salary Alignment
- Market Availability
- Salary Reference Data
- Total Compensation
- Budget Implications
- Long Term Impact
- Current Salary

Agencies need to determine the level of flexibility or control they will allow in the administration of pay practices. The form on the next page may be help at identifying where authority for individual pay practices falls within the agency.

Pay Practice	Pay Guidelines	Authorization
Starting Pay New employee Rehires	Negotiable from minimum of pay band up to 15% above current salary not to exceed pay band maximum (Exceptions higher than 15% may be granted as appropriate at agency discretion)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Promotion Movement to a different Role in a higher pay band	Negotiable from minimum of new pay band up to 15% above current salary. (Salary may not be below the minimum of the new pay band.)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Transfer – Competitive Movement within same Role or to different Role in the same pay band	Negotiable from minimum of pay band up to 15% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Transfer – Non-Competitive Movement within same Role or to different Role in the same pay band	Negotiable from minimum of pay band up to 10% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Demotion Movement to a different Role in a lower pay band	Negotiable from minimum of pay band up to current salary not to exceed pay band maximum (Agency option to freeze salary above maximum for 6 months)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Temporary Pay Assuming new duties and responsibilities on a temporary basis	For Higher Pay Band 0-15% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
	For Same Pay Band 0-10% increase not to exceed pay band maximum	
Role Change (Formerly Reallocation)	Upward: 0-10% increase or to minimum of higher pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
	Downward: No change in salary unless above maximum of the lower pay band, reduce after six months	
	Lateral: 0-10% increase not to exceed pay band maximum	
In-Band Adjustment – Change in duties – Application of new KSA's, competencies – Retention – Internal alignment	0-10% increase not to exceed pay band maximum, maximum 10% per fiscal year for In-Band Adjustments (to include any increase for Lateral Role Change)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Disciplinary or Performance-related Salary Action	Minimum 5% decrease or to lower pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Competitive Salary Offer	Match outside offer not to exceed maximum of pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other

Listed below are some ***potential*** options and considerations for the administration of pay practices. However, this is not intended to be an exhaustive listing of all options available in implementing the new pay practices.

1. Starting Pay:

- use the same percentage of increase for all new hires
- use variable increases (minimum of pay band to 15% above current salary) based on recruitment difficulty, criticality of job or other pay factor determinations
- exceptions to starting pay approved by top administrator or designee

2. Promotion:

- assign set percentage (minimum of pay band to 15% maximum) for all agency promotions (e.g. all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resources approval

3. Voluntary Transfers (Competitive – same or different Role in same pay band):

- assign set percentage (minimum of pay band to 15% maximum) for all competitive voluntary transfers (e.g., all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resource approval
- establish guidelines for not giving salary increase
- establish guidelines for reducing incumbent's current salary

4. Voluntary Transfers (Non-Competitive – same or different Role in same pay band):

- assign set percentage (minimum of pay band to 10% maximum) for all non-competitive voluntary transfers (e.g. all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- establish guidelines for not giving salary increase

- establish guidelines for reducing incumbent's current salary

5. Voluntary Demotions:

- assign set percentage of decrease for all voluntary demotions
- reduce all incumbents' salaries to pay band minimum
- allow for variable decreases determined by management based on pay determination factors
- no change in salary for voluntary demotions
- determine agency option of freezing salary above maximum for 6 months

6. Temporary Pay (different Role in higher pay band):

- assign set percentage (0% to 15% maximum) for all temporary pay situations (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resource approval
- establish time period for receiving temporary pay
- determine how extension request will be handled and approved

7. Temporary Pay (different Role in same pay band):

- assign set percentage (0% to 10% maximum) for all temporary pay situations (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- establish time period for receiving temporary pay
- determine how extension request will be handled and approved

8. Role Change (Upward or Lateral):

- assign set percentage (0% to 10% maximum) for all Upward or Lateral Role Changes (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- no change in pay for Lateral Role changes

9. In-Band Adjustments:

- Percentage of increase determination:

- make all in-band applications a set percentage (e.g. 3%, 5%, 8%, etc.)
 - assign different percentage to different applications (e.g. change in duties=3%; retention=5%, etc.)
 - allow management flexibility to determine in-band salary amount (0% to 10%) based on pay determination factors
- Limits:
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
 - no limits can offer 0% to 10%
- Timing:
- grant in-band adjustments on established dates (e.g. beginning of fiscal year, quarterly, at time of performance evaluation time, etc.)
 - allow in-band adjustments any time during the fiscal year
- Frequency:
- grant entire increase at one time
 - grant staggered increases (e.g. 2.5% now and 2.5% in 6 months)

10. Disciplinary or Performance Related Salary Action:

- mandatory 5% minimum salary reduction (note: if in same pay band, salary cannot be below minimum and if in lower pay band cannot exceed new maximum salary)
- allow for variable decreases greater than 5% determined by management based on pay determination factors

11. Competitive Salary Offer:

Once the critical need to make a competitive offer has been determined:

- match outside salary offer not to exceed maximum of pay band
- ___% without Human Resources approval and ___% up to outside offer with Human Resource approval

VII. RECOGNITION AWARD PROCESS

Agencies need to determine the level of flexibility or control they will allow in the administration of recognition awards. Listed below are some *potential* options and considerations for the administration of recognition awards. However, this is not intended to be an exhaustive listing of all options available to agencies.

- limit amount of award to \$____ or any other amount up to \$1,000 per fiscal year

- limit when awards are given (beginning of fiscal year, semi-annually, at performance evaluation time, etc.)
- \$___ without Human Resources approval and \$___ to \$1,000 with Human Resource approval
- develop written procedures for giving recognition awards to ensure that all employees are aware of award requirements
- agencies usage of recognition awards (individual, group/team awards, “on-the-spot” or established awards)

VIII. HOURLY EMPLOYEES

Agencies need to consider how hourly employees are treated under the Pay Practices, the Performance Management program and Employee Recognition programs.

IX. PROGRAM EVALUATION

Agencies need to develop a method of evaluating the implementation of the Compensation Management System. It is important to note that the individuals involved in making pay determination decisions should not be responsible for evaluating the effectiveness of the Compensation Management Program. The following is a list of evaluation options agencies may consider in developing their evaluation program.

Monitor

- adherence to policy
- patterns of salary actions
- compliance with the law (ex. FLSA)

Schedule of Review

Conduct periodic reviews of pay practice activity, including demographic (race, gender, Role, Pay Band) distribution of salary actions.

- quarterly
- semi-annually
- annually

Selection of Individual Pay Actions for Evaluation

- select ___% sample (to be determined by the agency) of pay actions to review
- select 100% of all pay actions for review
- review and evaluation should include:
 - types of actions used
 - percentages given
 - EEO impact

Review of Trends: Monitor distribution of salary actions by Role Title and pay band and the fiscal impact of the program

- evaluate trends within departments
- evaluate trends across the agency
- use tools such as scattergrams to identify trends
- communicate findings back to departments
- consider opportunities for decentralization

Other Evaluation Issues

- comparison of budgeted amount to payroll amount - determine how much money is being spent
- develop a process to track budget issues
- assign responsibility for tracking budget issues and dealing with overspending

Evaluation of the Compensation Program's Effectiveness

- impact of compensation management on accomplishing the agency's mission
- impact on employee relations and morale in the agency
- impact on staffing
- impact on employee and management development

Identification of Action Plan

- identify areas of concern and department managers/supervisors that need additional training and communications

X. APPEAL PROCESS

- Rely on the state grievance process
- Supplement with an agency-specific internal appeals process to handle employee or manager inquiries

XI. EEO STATEMENT

All agency plans must include an EEO statement. A suggestion is included below:

All salary adjustments must be based on legitimate reasons as detailed in the pay determination factors and must be unrelated to race, gender, national origin, age, religion, political affiliation, or disability.

XII. COMMUNICATIONS PLAN

The agency needs to develop a **Communication Plan** that addresses how information on the new Compensation Management System will be delivered to all levels of agency staff and how training will occur. A suggested **Communication Plan** structure may include:

1. identification of the various agency audiences (e.g. senior management, middle management, employee, etc.);
2. description of the content of the training materials and the level of information shared for each of the audience groups (training outline and content);
3. outline of the methods in which information will be communicated to each audience group (e.g. management briefings, presentation at division staff meetings, employee meetings, brochures, newsletter articles, video-tapes, distance learning technology, website, etc.); and
4. timeframes for each of these communication strategies.

Additionally, communication of the Compensation Management Plan should be perceived as on-going. As new employees enter the agency and other phases are implemented (e.g. Performance Management), the **Communication Plan** should address how this information will be disseminated. Some areas to consider when developing the **Communication Plan** include the following:

- new employee orientation
- communication to applicants
- new Compensation Management System refinements/developments

XIII. AUTHORIZATION AND SIGNATURE

All Agency Salary Administration Plans must be approved, signed and dated by the Agency Head and the Human Resources Director, and submitted to the Department of Human Resources Management.



APPENDIX F

GUIDELINES FOR DEVELOPING COMPETENCY-BASED SYSTEMS

INTRODUCTION

The Commonwealth's Compensation Management System focuses on the employee's contribution to the organization rather than relying solely on the assignment of job duties and responsibilities. Therefore, **Competency Models** compliment this philosophical premise by placing emphasis on behaviors, knowledge and skills that allow employees and the organization to be successful. Agencies wishing to consider establishing a **Competency-based System** are encouraged to use these guidelines; staff from DHRM should also be consulted.

For the past fifty years, the concept of "jobs" has been the focus of all human resource practices that affected recruitment, selection, performance planning, performance evaluation, pay systems, training and career development. Organizations have hired employees, evaluated performance, paid salaries, developed skills, and planned careers based on jobs.

In the 1990s, a new idea gained acceptance in a number of organizations that more closely aligned human resource practices with organizational strategies, missions and cultures. A number of organizations' switched from a traditional job-based structure to a competency-based structure that emphasized the development and attainment of behaviors, knowledge and skills compatible with and aligned to the organization's mission and business strategies.

The focus of **competencies** is centered on characteristics of the employee, including behaviors, skills and knowledge that can be demonstrated and positively affect the organization. **Competencies** emphasize the attributes and activities that are required for an organization to be successful. Therefore, human resource practices using **Competency Models** tap into the employee capabilities that are aligned to the organization mission and business need.

This appendix provides an introduction to **Competency Models** that when implemented in totality can impact all of the agency's human resource

practices including recruitment, selection, compensation decisions, performance planning, performance evaluation and career development. Additionally, this appendix is intended to provide agencies with broad guidelines for **Competency-based Systems**. Each agency using this approach must design its own system to meet its needs.

Like other alternative pay and job evaluation systems, a **Competency-based System** is fairly labor intensive and requires the agency's commitment to designate the necessary staff resources during the development stages. Agencies will also want to consider the financial and human resources required to administer such a system. Additionally, **Competency-based Systems** should not be perceived as a "one size fits all" approach. It would be highly unlikely, given the Commonwealth's workforce, that an agency would implement a **Competency-based System** agency-wide for the entire employee population. It is important that an agency identify the specific work unit(s) where competencies may be identified that directly and positively impact the success of employees and the agency.

What are Competencies?

Competencies are identified behaviors, knowledge, and skills that directly and positively impact the success of employees and the organization. Competencies can be objectively measured, enhanced and improved through coaching and learning opportunities. There are two types of competencies, **Behavioral** and **Technical**. Depending on the purpose of the **Competency Model**, one or a combination of these competency types may be used.

Behavioral Competencies are a set of behaviors, described in observable and measurable terms, that make employees particularly effective in their work when applied in appropriate situations. **Behavioral Competency Models** may be designed to describe common or "core" behaviors that are applicable to employees throughout an agency, or may be more narrowly defined to reflect behaviors unique to an **Occupational Family** or **Career Group**.

An example of a **Behavioral Competency** follows:

Customer Focus – responds to other’s needs appropriately and with a sense of urgency.

- Follows up with customers
- Makes self available to customers
- Responds quickly to the needs of customers
- Refers customers to the appropriate experts or resources
- Suggest ways of improving systems or processes to meet customer needs.
- Presents self as a credible, flexible and value-added business partner to all customers.
- Identifies situations in which consistency of services is appropriate as well as when flexibility is warranted.

Technical Competencies are underlying knowledge and skills, described in observable and measurable terms that are necessary in order for employees to perform a particular type or level of work activity. **Technical Competencies** typically reflect a career-long experience in an agency. An example of a **Technical Competency** for an expert level professional follows:

Technical Expertise – demonstrates depth of knowledge in technical and specialized areas.

- Works to become an expert in a technical and specialized area.
- Makes self available to help others solve complex technical problems.
- Uses a wide range and depth of technical and specialized knowledge.
- Is sought out as an expert by others.

The following are the different ways in which these descriptive statements may be formatted:

- **Single Stage Format** – competencies are defined more extensively in behavioral terms that illustrate the exact competency when it is performed proficiently. This type of format is compatible with a progressive rating scale. The following is an example of a single stage **Behavioral Competency**.

Teamwork

The collaboration and cooperation of a group of employees to combine their talents to get the job done; this includes the wisdom to know when to ask for information or assistance, a positive attitude toward team members and customers, a sense of common goals, taking action which demonstrates consideration for the feelings and needs of others, and being aware of the effects of one's behaviors on others.

- **Multi-Stage Format** – competencies are defined in great detail over several stages. For **Technical Competencies**, the stages may range from a beginning level; through a fully proficient performance level; to the highest level of expertise. For **Behavioral Competencies** the stages may describe an increase in the strength and impacts of behaviors. The following is an example of a multi-stage **Technical Competency**.

Compensation Expertise		
STAGE 1	STAGE 2	STAGE 3
<p>Learns the basic principles, practices, and techniques of compensation and job evaluation</p> <ul style="list-style-type: none">• Demonstrates basic understanding of how to write/update a position description• Demonstrates basic understanding of purpose & use of Career Group Descriptions in allocation of positions• Demonstrates basic knowledge of practices and policies that relate to compensation actions by responding to routine compensation questions	<p>Fully & independently demonstrates knowledge of principles, practices and techniques of compensation and job evaluation</p> <ul style="list-style-type: none">• Demonstrates & applies understanding of evaluating position descriptions for allocation purposes• Evaluates job descriptions for compliance with FLSA• Applies compensation & related practices and policies to situations; participates in the design & provision of communications in agency• Recognizes and designs alternative strategies to meet the organization's needs• Demonstrates full understanding of exception issues & resolves policy questions• Seeks to improve possession of compensation expertise in others	<p>Leads & influences compensation and job evaluation strategies to meet the agency's needs</p> <ul style="list-style-type: none">• Mentors & serves as a role model in compensation consulting to other professions• Consults & facilitates with others internal & external to the organization to gain acceptance of compensation proposals• Consults with customers & others beyond assigned customers to resolve unusual, sensitive, & exceptional compensation situations & appeals• Actively keeps informed & informs others of changes in laws, regulations, legislation, industry, governmental, budgetary and policy issues, trends and impacts on the agency compensation program

What is a Competency Model?

A **Competency Model** is a listing of **Competencies** that apply to a particular type of work. **Competency Models** can include **Behavioral**

Competencies only, **Technical Competencies** only, or both. An example of a **Competency Model** for Human Resource Professional follows:

Human Resource Professional
Behavioral Competencies
<ul style="list-style-type: none">● Agency Mission Focus● Customer Focus● Teamwork● Consultation● Achievement Orientation
Technical Competencies
<ul style="list-style-type: none">● Compensation Expertise● Recruitment/Selection Expertise● Employee Relations Expertise● Employee Benefits Expertise● Training and Development Expertise

How are Competency Models used?

Competency models can serve as a way to integrate human resource practices under the Compensation Management System. Agencies that elect to use **Competency Models** need to consider exactly how they will be used to support the agency's mission and desired strategic outcomes, and determine the extent to which **Competency Models** will impact and affect the agency's human resource practices. The following is a list of human resource practices that should be taken into consideration when determining the purpose and intent of an agency's rationale for using **Competency Models**:

- **Training and Development** – connection to agency business need is a major focus of **Competency Models**. These models can serve as a tool to assess employees' current behaviors, knowledge and skills; identify learning areas for development and improvement and be used for career planning purposes.
- **Recruitment and Selection** – models can be developed to identify criteria for recruiting and assessing applicants for agency positions.
- **Performance Management** – models can be used to support the assessment of employee performance.

- **Compensation Decisions** – models can be developed to determine internal alignment and how pay will be administered based on defined competencies (e.g. starting pay, promotions, in-band adjustments, etc.).

What are the steps for developing Behavioral Competencies?

The following is a suggested approach, however agencies need to tailor the process to meet their business needs and objectives.

1. **Identify the group of employees to be covered:** The agency will need to determine if the **Behavioral Competencies** will apply to the entire agency, a specific **Occupational Family**, or a **Career Group**. The determination of the employee population to be covered should be based on similar work characteristics and shared common work behaviors.
2. **Gather data:** The agency will need to select a method or a combination of methods to collect behavioral information. Five approaches follow:
 - Behavioral Event Interviews (BEI) are individual interviews conducted with top performers throughout an agency or within an **Occupational Family** or **Career Group**. A sufficient number of interviews should be conducted with the selected population to gather ample data to identify common behavioral themes and trends. During a BEI, the interviewee is asked to relate information about what he/she said, thought, and did in response to different work-related situations and issues.
 - Focus Groups are small group sessions with top performers and key managers in which data concerning work challenges and the necessary behaviors to address them are identified by the group and captured by a facilitator.
 - Benchmark Data from Outside Sources includes **Behavioral Competencies** from other organizations/agencies to determine the applicability to the employee population under consideration.
 - Commercially Developed Behavioral Competency Development Kits and/or Dictionaries developed by a number of vendors include competency toolkits that identify a variety of technical and

Behavioral Competencies defined in observable and measurable terms. Many of these vendors have included exercises that can be used to develop a **Competency Model** from pre-determined menus of competencies.

- Employee Surveys conducted with current agency employees to gather information about successful behaviors used by high level performers. The surveys can include employees throughout the entire agency or focus on a particular **Occupational Family** or **Career Group**.

Data should be gathered using the method(s) deemed appropriate for the agency.

3. **Analyze data:** This is the most critical step in identifying **Behavioral Competencies**. The focus should be on identifying recurring concepts and themes from the data collected, such as specific behaviors or words; thought patterns; ways of approaching situations; and underlying concerns/issues that contribute to the successful outcome or demonstration of a high level of performance. The key is to identify common themes or **competencies** (e.g. building consensus, fostering commitment, focus on customer service, etc.) and describe the behaviors that demonstrate possession of the particular **competencies** in observable terms.
4. **Review preliminary concepts:** All data should be reviewed in order to ensure that the themes and **competencies** are relevant to the identified employee population and indicative of a high level of performance. Validation can occur through focus groups comprised of employees in the study population or subject matter experts familiar with the work performed. Additional validation can occur through the administration of a survey of incumbents and/or key managers designed to identify the behaviors in the **Competency Model** that are most often observed and critical to success.
5. **Develop behavioral indicators:** Based on the themes and **competencies** identified in the data collection and analysis steps, write specific action statements that describe the behaviors in terms that would be observable to a rater. Behavioral indicators may be written in progressive stages (entry to expert) to identify the different levels of employee competency.

6. **Complete final draft of Behavioral Competencies:** Document the full set of **Behavioral Competencies** in a presentation format for validation meetings with managers, supervisors and employees associated with the function

What are the steps for developing Technical Competencies?

The following is a suggested approach, however, agencies need to tailor the process to meet their needs.

1. **Identify the group of employees to be covered:** The agency will need to determine if the **Technical Competency Model** will apply to a **Career Group, Role**, or group of positions performing the same functions. The determination of the employee population to be covered should be based on similar work characteristics and shared common work behaviors.
2. **Establish job expert panel:** Identify four to five individuals that have backgrounds in the work area and are considered highly proficient in their line of work. Qualifications to consider are:
 - Strong performers
 - Individuals who have worked in a range of progressive career levels within a work function or occupational field
 - “First line” supervisors who have “come up through the ranks”
 - Include individuals who are knowledgeable about various specialized work areas
3. **Research background materials:** Identify resources that will be used in the development of the **Technical Competencies**. Resources may include:
 - Employee Work Profiles
 - Career Group Descriptions
 - Work process descriptions/flow charts
 - Project assignments and goal statements from the functional area
 - Data generated by previous work analyses/skill assessments
4. **Identify key competencies:** Using a brainstorming process, identify the major knowledge and skill requirements necessary to meet the stated

work challenges and accomplish the required agency outcomes. These **Technical Competencies** typically appear initially as minimum hiring requirements, and develop in depth, breadth and complexity as an employee progresses to higher levels of work and expertise in the **Role** or **Career Group**.

5. **Develop technical indicators:** For each **Technical Competency**, develop the knowledge and skill indicators that are expressed in observable terms.
6. **Complete final draft of Technical Competencies:** Document the full set of **Technical Competencies** in a presentation format for validation meetings with managers, supervisors and employees associated with the function.

How are Competency Models validated?

After a **Competency Model** has been drafted, each behavior and technical component should be validated. There are multiple approaches to validation requiring input from employees, supervisors, managers or agency leaders. While key agency leaders may want to validate the behavioral components of the **Competency Models**, it is critical to have functional supervisors and managers validate the technical components. Functional supervisors have a detailed knowledge of the work and its relationship to business needs.

Generally, the following questions are important in the validation of a **Competency Model**.

- Does each competency describe the behaviors, knowledge and skills needed to perform the work?
- Are there any indicators written as task or activity statements that do not identify technical and/or behavioral requirements?
- If indicators are staged, do the higher level indicators represent clear advancement in behaviors, knowledge and skills?
- Are there any behavior, knowledge or skill requirements that have not been adequately captured in the Competency Model? Are there any redundancies?
- Are all indicators free from wording that reflects age, gender, race or cultural bias?

- Does each competency use clear and concise statements, terms and wording common and understandable to employees working in this capacity?

How are Competency Models linked to pay?

In the Commonwealth's Compensation Management System, employee compensation is based on an evaluation of the following **pay factors** (see Chapter 8 – Pay Practices):.

- Agency business need;
- Duties and responsibilities;
- Performance;
- Work experience and education;
- Knowledge, skills, abilities and competencies;
- Training, certification and license;
- Internal salary alignment;
- Market availability;
- Salary reference data;
- Total compensation;
- Budget implications;
- Long term impact; and
- Current salary

Competency Models can be used to help evaluate performance or to determine internal salary alignment and starting pay. Various formats may be used to determine actual employee pay rates. Formats can range from comprehensive inventories of individual competency ratings (see Human Resource Generalist Competency Model on DHRM's website) to pay matrices that reference a general evaluation of competencies and expertise. Comprehensive inventories provide detailed information that can be used for development purposes and simpler pay matrices can save time in determining pay.

With a comprehensive inventory including staged competency rating, an assessment form (or automated format) may be used. The feedback provider checks off indicator levels for each competency. This data results in a competency rating summarized into a total rating score, which is then mapped to a pay band (see Human Resource Generalist Competency Assessment material on DHRM's website).

A pay matrix is a point system in which points are accumulated based on educational level, work experience, and other value added compensable factors such as licensure, certification and specialized coursework that lead to a competency level. These pay matrices serve as a guide for determining pay for new hires and pay adjustments for current employees. Total pay matrix points are converted to a range of pay on the pay band. The total matrix points help identify internal alignment considerations and are used with the other **pay factors** to arrive at appropriate pay.

How are Competency Models linked to performance planning and evaluation?

Competency Models provide the supervisor and employee with a clear understanding of performance expectations, and address training and development activities necessary for successful performance. Models that include specific performance criteria ensure that supervisors and employees share the same understanding of performance expectations.

Most **Competency Models** require an employee self-assessment of their performance that provides input to the supervisor in their appraisal of the employee. Additionally, some may elicit performance feedback from other internal and external peers, direct reports and customers.

How are Competency-based System evaluated?

The final step in the development of a **Competency Model** is the design and implementation of an on-going evaluation plan to measure the effectiveness of the model's content and usage. **Competency Models** must be reviewed and modified periodically to reflect changes in desired behaviors and technical knowledge and skills that result from an evolving work environment. The evaluation plan, at the minimum, should include the individual(s) responsible for evaluating the **Competency Model**, evaluation timelines and may follow the same process used to develop the original **Competency Model**.



APPENDIX G

GUIDELINES FOR DEVELOPING SKILL-BASED SYSTEMS

INTRODUCTION

The Commonwealth's Compensation Management System has been designed to provide a direct link between organizational performance and employee contribution and pay. ***Skill-based Systems*** are one method of achieving this linkage. Agencies wishing to consider establishing a skill-based system are encouraged to use these guidelines; staff from DHRM should also be consulted.

Skill-based Systems reward employees for the range, depth and type of skills they possess that are key to the organization's work functions and operations. Additionally, ***Skill-based Systems*** may be used to directly link an employee's compensation to work-related skills learned and used on the job. As the needs of the organization change, compensable skills can be added or eliminated to encourage employee development to meet the changing business needs. ***Skill-based Systems*** represent a person-based rewards system, as opposed to a job-based reward system.

Agencies interested in developing a ***Skill-based System*** must identify what goal(s) they are seeking to achieve. Questions to consider are "what outcomes or results will be expected from implementing a ***Skill-based System***?" and "what skill sets are valued?". Some potential answers may be increased productivity, multi-skilled workforce, acquisition of new skills needed for a changing work environment, increased employee morale, or to solve a specific problem, issue or need.

In a ***Skill-based System***, the focus is on skill acquisition that can be observed and objectively measured. Therefore, this type of system is most commonly found in trades or labor settings. ***Skill-based Systems*** can be designed from two perspectives:

- horizontal or breadth of skills where cross training is emphasized (e.g. a multi-skilled trades worker possess electrical, plumbing, HVAC, and carpentry skills); and
- vertical or depth of skills where specialization and expertise is valued (e.g. an electronic technician possesses the entire range of electrical and electronic skills).

Skill blocks are identified sets of skills, knowledge and tasks that are required based on the work to be performed. **Skill blocks** focused on breadth of skills or the versatility of the individual tend to have an array of different categories of skills. **Skill blocks** that focus on the depth of skills or expertise in a particular area tend to have a more narrowly defined, specialized set of skills. Determining whether the **Skill-based System** will be based on breadth, depth or a combination is a key design decision.

Like other alternative pay and job evaluation systems, a **Skill-based System** is fairly labor intensive and requires the agency's commitment to designate the necessary staff resources during the development stages. Additionally, **Skill-based Systems** should not be perceived as a "one size fits all" approach. It would be highly unlikely, given the Commonwealth's workforce, that an agency would implement a **Skill-based System** agency-wide for the entire employee population. It is important that an agency identify the specific work unit(s) where observable and measurable skills may be identified and would contribute to the overall success of the work unit(s) and agency.

While there are many benefits to implementing a **Skill-based System** under the right circumstances, it is not totally free from potential risks. Poorly designed **Skill-based Systems** can lead to paying for skills that are not used or not relevant to the business needs of the agency. Employees may reach their maximum pay rates with the attainment of the entire set of identified skills which limits opportunity for further salary increase but allows for a fully skilled workforce. Paying employees based on skills attained and used makes it more difficult to make pay comparisons with the labor market that focuses on job-based rather than individual skill-based comparisons. Agencies will need to convert **skill blocks** into benchmark descriptions in order to continuously review and match **salary reference data**.

What are skills and skill blocks?

Skills are the basic components of a ***Skill-based System***. These skills typically are grouped into ***skill blocks*** that include predefined set of skills, knowledge and tasks. When performed by employees, these ***skill blocks*** will add value to the work process and increase the likelihood of the work unit's success. Skills and ***skill blocks*** should be directly related to the business needs of the agency. Based on business needs, agencies should encourage employees in a ***Skill-based System*** to achieve the highest potential skill level required. As more ***skill blocks*** are acquired and are used, the potential value of the employee increases.

An example of a skill block follows:

DUMP TRUCK – SINGLE AXLE	
A.	<u>Spreading Material</u>
•	Stone – Determine where stone is needed and spread in a manner that does not require additional work and equipment to level. Uses chain settings effectively to ensure proper application of stone.
•	Asphalt – Spread material uniformly and ensure proper placement.
B.	<u>Hauling and Dumping Material</u> - Determines appropriate dumping locations, hauls (with cover) and dumps in areas without damage to equipment.
C.	<u>Snow Removal</u> – Load spreader and plow on truck. Install chains, if required. Set appropriate settings on spreader. Pushes snow and operate spreader according to instructions.
D.	<u>Towing Equipment</u> – Hook, unhooks and pulls and maneuvers light duty equipment.
E.	<u>Preventive Maintenance</u> – Perform daily operator's checklist and rectify all minor problems determined while performing the checklist. Change oil, grease, change filters, keep all fluids at proper levels.

How are Skill-based Systems used?

Skill-based Systems can serve as a way to integrate human resource practices under the Compensation Management System. Agencies that elect to use ***Skill-based Systems*** need to consider exactly how they will be used to support the agency's mission and desired strategic outcomes. Furthermore, agencies will need to determine the extent to which this type of system will impact and affect the agency's human resource practices. The following is a list that should be taken into consideration when determining the purpose and intent of an agency's rationale for using ***Skill-based Systems***.

- **Training and Development** – connection to agency business need is the cornerstone to ***Skill-based Systems***. The agency's commitment to learning is vital to the success of the system. Employees must be given the

opportunity to acquire the knowledge and/or skills required for the progression through the **skill blocks**. The skills identified within a **skill block** may serve as curriculum for training. Training plans should be well documented, include specific training objectives and communicated to employees.

- **Recruitment and Selection** - systems can be developed to identify knowledge and skills for recruiting and assessing applicants for agency positions.
- **Performance Management** - systems can be used to support the assessment of employee performance.
- **Compensation Decisions** – systems will determine how pay will be administered based on defined **skill blocks** and guide other pay decisions (e.g. starting pay, promotions, in-band adjustments, etc.).

What are the steps for developing Skill-based Systems?

The following is a suggested approach, but agencies need to tailor the process to meet business needs and objectives.

1. **Identify the group of employees to be covered:** This step consists of linking the business goals with the **Career Group** or agency work unit(s) that are most appropriate for a **Skill-based System**. Typically, **skill blocks** are created to reflect the skills needed for employees in **Career Group(s)**, **Role(s)** or functions within a **Role**. **Skill-based Systems** compliment job and pay structures that have broad **Roles** and extended pay bands.
2. **Gather data:** Identify knowledge and skills that are important to the work unit(s) and can be objectively measured. The use of **Focus Group(s)** comprised of **Subject Matter Experts** (managers and employees) is the desired method to be used to identify skills and **skill blocks**. It may be helpful to initially have the **Focus Group(s)** identify the tasks performed in the work unit(s) and then identify the skills needed to perform these work tasks. The “essential” tasks or skills should be explicitly identified, organized into **skill blocks** and rank ordered by degree of difficulty or complexity. Each skill must be clearly articulated to the point that verifiable measures or standards of performance can be established.

3. **Develop skill and skill inventories:** Based on the information identified in the data collection step, **skill inventories** are developed that list the discrete knowledge and skills needed to complete the required tasks. The **skill inventories** are helpful to both supervisors and employees for career development purposes and outline clearly how performance will be measured and assessed.

How are Skill-based Systems validated?

After the **skill blocks** and/or **skill inventories** have been developed, each skill should be validated. Functional supervisors that have a detailed understanding of the work and its relationship to business need should be asked to validate the accuracy of the identified **skill blocks** and/or **skill inventories**. As business needs or skill requirements change, functional supervisors should provide input to modify the **skill blocks** and/or **skill inventories**.

How are Skill-based Systems linked to pay?

In the Commonwealth's Compensation Management System, employee compensation is based on an evaluation of the following **pay factors** (see Chapter 8 – Pay Practices):

- Agency business need;
- Duties and responsibilities;
- Performance;
- Work experience and education;
- Knowledge, skills, abilities and competencies;
- Training, certification and license;
- Internal salary alignment
- Market availability;
- Salary reference data;
- Total compensation;
- Budget implications
- Long term impact; and
- Current salary

Using the **skill blocks**, agencies determine which skills are compensable. Market data can be obtained to identify a sub-band or pay band to support a **Skill-based System**. Once the sub-band or pay band has been established, the **skill blocks** can then be assigned to the continuum. Thus, the **skill blocks** become the unit measurement for pay increases within a sub-band or pay band.

There are a number of design options that should be taken into consideration when administering pay in a **Skill-based System**. Progression through a **skill block** can be compensated by a variety of methods including constant dollar amount, increasing dollar amount, fixed percentage or increasing percentage amount. The timing of pay increases should also be considered. Oftentimes an agency will want to establish some limitations on the pay increase process in order to control cost. For example, a control measure may be to require the employee to remain at a skill level for a fixed period of time or another option would be for the agency to establish a policy that sets the maximum increase an employee may receive during a specific time period.

The timing of pay increases and any cost control measure has a significant impact on both employee morale and cost escalation. Consideration should be given to any other type of direct compensation awards the employee may be eligible for such as recognition awards, retention and market-based adjustments. Other compensation actions should support the goals and intent of the **Skill-based System**.

Procedures must be developed for establishing starting pay for new hires and/or employees transitioning from a traditional pay and job evaluation system to a **Skill-based System**. A key issue during the transition is how current employees will be moved to the **Skill-based System**. Key implementation decisions such as how current employees will be paid initially under the system need to be determined (e.g. placed at the entry level or obtain an initial or baseline assessment certifying the employee's current skill level). Lastly, consideration must be given to how the agency will handle employees whose skills diminish (e.g. freeze employee's pay or reduce pay).

How is a Skill-based System linked to performance planning and evaluation?

Skill-based Systems provide the supervisor and the employee with a clear understanding of the performance expectations and clearly address the

learning activities that are necessary for successful performance. Additionally, this type of system helps supervisors and employees to share the same understanding of expected performance.

Agencies must determine the overall method for determining the employee's skill level. The process developed will serve as a way to certify that the employee has met all performance standards established for a **skill block**. Evaluation methods to consider include checklists, skill demonstration or testing. Consideration must be given to the timing of the performance measure. Questions to be answered include: Will performance be measured at a designed time (annually, semi-annually, quarterly)? Will the employee be assessed on skills only one time or will the continued mastery of the skill be required?

After identifying a method for assessing the employee's skills, the next step is to identify who will assess the performance. Evaluators can be managers, technical and functional experts, peers or an assessment team with optional rotating membership. The evaluation of skills can be accomplished either by a paper or automated process.

How are Skill-based Systems evaluated?

The **skill block(s)** and pay mechanism that is established must make sense in terms of the goal the agency is seeking to accomplish and must be understandable to employees. An evaluation plan should be established and implemented to ensure that the **Skill-based System** is effectively meeting the agency needs and reflects the desired knowledge and skills needed by the agency.



APPENDIX H

DEVELOPMENT OF CAREER GROUP DESCRIPTIONS

Drafting Career Group Descriptions

The **Career Group Team** may order the sequence of drafting the **Career Group Descriptions** in the way deemed most appropriate. One approach is to begin with the description of the entry or most fundamental **Role** and progress upward to higher level **Roles**. An advantage to this approach is that the entry level **Role** will provide the foundation for developing the higher level **Roles**. Some job evaluation texts recommend writing the entry level first, then the highest level, and then the levels in between. The content of a **Career Group Description** is listed below (see the *Example of Career Group Description* at the end of this Appendix).

- **Concept of Work**

This is a one paragraph general description of the type and kind of work typically performed by employees in the **Career Group**. However, it is specific enough to distinguish one **Career Group** from another **Career Group**. This concept summarizes the common elements and the range of **Roles** assigned to this **Career Group**.

Concept of work:

This Career Group consists of employees who provide support to program administration by creating or reproducing printed images of text and graphics. Applies knowledge of the necessary technologies in this area. Positions range from trainee and entry level to management level.

- **Matrix of Role Titles, Codes and Pay Bands**

The **Career Group Description** includes a matrix listing the pay band assignment, **Role Titles** and **Role Codes** for both practitioner and management **Roles**. It is possible for some practitioner and management

Roles to be assigned to the same pay band. This matrix illustrates the potential career progression within a given **Career Group**.

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
1	Printing Technician I	xxxxx		
2	Printing Technician II	xxxxx		
3	Printing Technician III	xxxxx		
4	Printing Technician IV	xxxxx	Printing Manager I	xxxxx
5			Printing Manager II	xxxxx

- **Role Descriptions**

Within a **Career Group Description**, the **Role Descriptions** describe the range of work (from lowest to highest). These descriptions are the basis for allocating positions (using the **Employee Work Profile** or Position Description) to the appropriate **Role**. The **Role Descriptions** are brief and provide capsule information as to the intended use of the **Role**. The capsule description defines the range of work that might be performed within a **Role**.

Since **Roles** are designed to describe a broad array of positions, there are **Roles** that combine staff level work with first-line supervisory work. Other **Roles** describe a range of positions that have entry to senior level work; and still other **Roles** describe positions with only one level of work. The following is an example of a **Role Description**:

Printing Technician III
 This Role is for fully skilled printing technicians whose duties range from operating various types of printing or copying equipment to being a first line supervisor of staff performing duties related to duplicating and producing printed documents. Duties may include Photolithography, Phototypesetting, as well as offset and xerographic printing.

- **Compensable Factor Matrix**

A **Compensable Factor Matrix** for each **Role** assigned to a **Career Group** is used to supplement the description of work. These matrices distinguish one **Role** from another based on the three compensable factors (**complexity of work, results** and **accountability**). For each compensable factor, a description of the range and level of the work assignments/activities performed by positions assigned to a particular **Role** are listed. A few **Career Group Descriptions** include multiple matrices where there are different

functional tracks within the same **Role**. A sample of a **Compensable Factor Matrix** is illustrated below.

Printing Technician III		
COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> • Knowledge of lithographic printing and xeroxing techniques and equipment. • Has contacts with customers to discuss job orders. • Assignments range from preparing a single document for reproduction to producing complex reports, brochures and multi-colored documents to supervising those reproducing the documents. 	<ul style="list-style-type: none"> • The materials (e.g., brochures, books, and reports) are reproduced according to job order. 	<ul style="list-style-type: none"> • Independently resolves daily printing issues. Refers unusual issues to others. • May supervise the work of printers or technicians.

- **Standard Occupational Classification (SOC) System**

This section lists the relevant **Standard Occupational Classifications (SOC)** for some positions that are included in a particular **Career Group**. The SOC System will be used for federal statistical reporting purposes. NOTE: SOC codes will be used at a later date after initial implementation. For additional information BLS and SOC web sites are:

http://stats.bls.gov/soc/soc_home.htm - general information

http://stats.bls.gov/search/soc_s.asp - detailed definitions: key work search

http://stats.bls.gov/soc/soc_majo.htm - detailed definitions: structure search

- **Career Group History**

The **Career Group History** is a concise statement that traces the development of the **Career Group**, identifies the study that led to the publication of the **Career Group Description** and states the purpose of establishing or revising the **Career Group**. It is important to include a chart that outlines the former class titles and pay grade assignments that are included in each **Role**.

History

Previous Class Titles

Printing Technician I

CLASS CODE	CLASS TITLE	GRADE
61174	Printing/Bindery Worker	3

Printing Technician II

CLASS CODE	CLASS TITLE	GRADE
12043	Photocopy Technician	4
61156	Printing Press Operator A	5

Printing Technician III

CLASS CODE	CLASS TITLE	GRADE
12044	Photocopy Supervisor	6
61171	Bindery Foreman	6
61167	Photolithographic Stripper	6
61162	Phototypesetting Specialist	6
61157	Printing Press Operator B	6
61168	Photolithographer	7
61158	Printing Press Operator C	7
61184	Printing Services Supervisor A	7
61166	Phototypesetting Supervisor	8
61154	Press Foreman	8
61185	Printing Services Supervisor B	8

Printing Technician IV

CLASS CODE	CLASS TITLE	GRADE
61183	Printing Customer Services Specialist	9

Printing Services Manager I

CLASS CODE	CLASS TITLE	GRADE
61186	Printing Services Specialist C	10
61187	Printing Services Administrator A	11

Printing Services Manager II

CLASS CODE	CLASS TITLE	GRADE
61188	Printing Services Administrator B	13

Agency Review of Career Group Descriptions

When ***Career Group Descriptions*** are newly developed or revised, copies are distributed to agency Human Resource Directors for review and comment. All agencies that use the ***Career Group*** review the description to ensure that it accurately reflects and covers the type and level of work performed by their positions. This review allows agencies the opportunity to comment prior to the description being finalized. As part of their review, agencies should compare the concepts of the ***Roles*** to their positions to determine applicability and relevance.

A **Career Group Description** is valid when it represents the general nature of the work performed by a particular **Career Group**. The Commonwealth's methodology for developing **Career Group Descriptions** uses current **Role** information derived from logical and authoritative sources (**Employee Work Profiles**/Position Descriptions, job specifications, job advertisements, Performance Plan, Subject Matter Experts, etc.). External sources may further confirm that **Career Group Descriptions** are consistent with standard occupational definitions (**Standard Occupational Classification System**, professional organizations, compensation organizations, government agencies, and accrediting agencies).

The **Career Group Teams** also validate **Career Group Descriptions** through identifying salary reference comparisons assigned to each **Role**. This validation ensures that **Roles** are assigned to the appropriate pay band based on market information.

Reliability of the **Career Group Description** is measured in two ways, first through an agency's review of the accuracy of the description and then through the consistent allocation of positions to the same **Career Group** and **Role** over time. A **Career Group Description** is reliable when it presents a clear concept of the nature of work associated with a particular career or occupational field. Reliability is first tested during the drafting process when agencies are asked to check the allocation process using the draft **Career Group Description**. The most accurate test of reliability is demonstrated when over time, different user agencies are able to consistently allocate similar positions to the same **Career Group** and **Roles**.

Publication

The Department of Human Resource Management is responsible for publishing **Career Group Descriptions**.

EXAMPLE OF CAREER GROUP DESCRIPTION

CAREER GROUP DESCRIPTION

Career Group Title: Printing Operations
 Career Group Code: xxxxx
 Occupational Family: Trades and Operations
 Pay Bands: 1 – 5

Concept of work:

This **Career Group** consists of employees who provide support to program administration by creating or reproducing printed images of text and graphics. Applies knowledge of the necessary technologies in this area, range from trainee and entry level to management level.

Role Descriptions

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
1	Printing Technician I	xxxxx		
2	Printing Technician II	xxxxx		
3	Printing Technician III	xxxxx		
4	Printing Technician IV	xxxxx	Printing Manager I	xxxxx
5			Printing Manager II	xxxxx

Printing Technician I

- This **Role** is for employees responsible for completing basic physical tasks that support reproduction services or document finishing services such as cutting, binding, and folding.

Printing Technician I

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> Knowledge on how to operate folding, binding, collating and other finishing equipment. On occasion talks to customer about job order. Tasks have some variation and difficulty. Applies existing procedures and guidelines in completing the runs or services. 	<ul style="list-style-type: none"> Finished documents are prepared according to job orders. 	<ul style="list-style-type: none"> For self-learning and development. Refers questions and problems to higher levels.

Printing Technician II

This **Role** is for employees who are responsible for completing basic printing duties necessary to generate production runs of productions. This includes operating and performing routine maintenance on the machinery, as well as record keeping.

Printing Technician II

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> Knowledge of basic offset printing or photocopy equipment. Has frequent contacts with customers to discuss job orders. Assignments range from producing printed materials having routine technical requirements to copying a variety of materials and cleaning and maintenance of equipment. 	<ul style="list-style-type: none"> Produces printed material according to job requirements and application of existing procedures and guidelines. 	<ul style="list-style-type: none"> Running printing independently. Refers questions to higher level.

Printing Technician III

This **Role** is for fully skilled printing technicians whose duties range from operating various types of printing or copying equipment to being a first line supervisor of staff performing duties related to duplicating and producing printed documents. Duties may include Photolithography, Phototypesetting, as well as offset and xerographic printing.

Printing Technician III

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of lithographic printing and Xeroxing techniques and equipment. ● Has contacts with customers to discuss job orders. ● Assignments range from preparing a single document for reproduction to producing complex reports, brochures and multi-colored documents to supervising those reproducing the documents. 	<ul style="list-style-type: none"> ● The materials (e.g., brochures, books, and reports) are reproduced according to job order. 	<ul style="list-style-type: none"> ● Independently resolves daily printing issues. Refers unusual issues to other. ● May supervise the work of printers or technicians.

Printing Technician IV

This **Role** is for employees using the highest technical knowledge of printing in conferring with and assessing customer' needs, making recommendations, and writing job specifications to have the work produced within or outside the agency.

Printing Technician IV

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of technical resources of full range of printing services. ● Knowledge of printing equipment, techniques, and materials. ● Frequently consults with customers on problems that require technical and administrative skills. ● Assignments range from assessing customers needs to advising on technical matter, (e.g. materials to use, format) and presentation to developing job specifications. ● Tasks range from varied and moderately complex to substantial complexity. 	<ul style="list-style-type: none"> ● Customer is satisfied with the finished product, resolution of the problem, and the advice and support provide. 	<ul style="list-style-type: none"> ● Independently handles customers' problems and technical questions on printing services. ● May orient and train others.

Printing Manager I

This **Role** is for employees who manage others in the performance of a wide variety of printing tasks. These responsibilities may be accomplished through subordinate supervisors and employees, or through contractors. May function as the charge printing position with financial and staffing responsibilities in an agency's complex printing operation, or as an assistant-manager in the largest most complex printing operations.

Printing Manager I

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of the principles of management. ● Knowledge of printing production standards. ● Frequently consults with other managers and staff on production or job quality 	<ul style="list-style-type: none"> ● Printing unit is delivering services to customers' satisfaction. ● Job and unit costs are appropriate and unit's resources are within budget. 	<ul style="list-style-type: none"> ● Independently handles unit, customer, and employee problems. ● Management and supervisory responsibility. ● Trains and directs others.

<p>problems, and vendors on costing issues.</p> <ul style="list-style-type: none"> ● Assignments range from heading a full service-printing unit to preparing financial analysis and reports, job costing, to developing shop procedures. ● Tasks range from varied and moderately complex to substantial complexity. ● Presented with problems that do not have easy solutions. 		<ul style="list-style-type: none"> ● Financial and quality control responsibilities ● Expected to solve problems ● Serves as resource to others in resolving complex problems
---	--	--

Printing Manager II

This **Role** is for employees who manage others in the performance of a wide variety of printing tasks as the charge position in the largest and most complex settings. This will involve the management supervision of subordinate supervisors as well as technical employees and will include the normal range of managerial duties such as planning, budgeting, staffing, and evaluation.

Printing Manager II

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Manages administrative and technical printing services. ● Knowledge of management principles and program administration. ● Frequently consults with major customers on complex job orders, outside printing contractors on cost and problem resolution, and management on policies and procedure development. ● Assignments range from management of a full service printing operation to planning for new technologies. ● Tasks range from varied and moderately complex to substantial complexity. 	<ul style="list-style-type: none"> ● Printing program and staff ensure services according to job orders. ● The program goals are met and the printing services operate within budget. ● Substantial impact. 	<ul style="list-style-type: none"> ● Oversee staff and administrative functions. ● Lead functional responsibility. ● Orients and trains others. ● Discretion and judgement in resolving program and staff problems. ● Serves as resource to others in resolving complex problems.

Statistical Reporting

Positions in this **Career Group** include, but are not limited to, those in the following Standard Occupational Classifications:

History

Previous Class Titles

Printing Technician I

CLASS CODE	CLASS TITLE	GRADE
61174	Printing/Bindery Worker	3

Printing Technician II

CLASS CODE	CLASS TITLE	GRADE
12043	Photocopy Technician	4
61156	Printing Press Operator A	5

Printing Technician III

CLASS CODE	CLASS TITLE	GRADE
12044	Photocopy Supervisor	6
61171	Bindery Foreman	6
61167	Photolithographic Stripper	6
61162	Phototypesetting Specialist	6
61157	Printing Press Operator B	6
61168	Photolithographer	7
61158	Printing Press Operator C	7
61184	Printing Services Supervisor A	7
61166	Phototypesetting Supervisor	8
61154	Press Foreman	8
61185	Printing Services Supervisor B	8

Printing Technician IV

CLASS CODE	CLASS TITLE	GRADE
61183	Printing Customer Services Specialist	9

Printing Services Manager I

CLASS CODE	CLASS TITLE	GRADE
61186	Printing Services Specialist C	10
61187	Printing Services Administrator A	11

Printing Services Manager II

CLASS CODE	CLASS TITLE	GRADE
61188	Printing Services Administrator B	13